

EUROPEAN NEWS

French banks break interest rate tradition

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government's policy of encouraging industrial and commercial competition of which it has been extending to the service industries, seems to have won acceptance from the banking sector.

Indications of a new policy on the part of the banks have come after the base rate was raised by two private groups, Credit Industriel et Commercial (CIC) and Credit Commercial de France (CCF), earlier this week.

Their new rates, up from 8.15 per cent to 9.45 per cent would normally have been followed immediately by the rest of the banking establishment. But so far, many of the big banks have stayed at the former level, despite the rising cost of the funds they are raising on the money market.

This breakdown in the common banking front follows only shortly after M. René Monory, the Economics Minis-

ter, had expressed his hope that the banks would move towards more competitive attitudes.

Banks' rates, he said in a recent speech, should be related to their individual resources and to the realities of the market.

Despite M. Monory's remarks, the rest of the banking sector is expected to feel obliged to follow CIC and CCF before very long. Interest rates have been moving steadily higher in France this year after their low point of under 8 per cent in December, 1978.

● The 48-hour dock strike called by the French Communist-led CGT union on Monday attracted 100 per cent support yesterday. The force of the response to the CGT call over a pay and conditions dispute which has been simmering since the beginning of the year is expected to lead shortly to new attempts to break the deadlock between the unions and employers.

Rupert Cornwell reports on the decision to name a Socialist as Italy's Prime Minister-designate

Pertini offers the politicians a stark choice

PRESIDENT Sandro Pertini's nomination of Sig. Bettino Craxi as the new Italian Prime Minister-designate has offered Italian politicians a stark choice. It is whether to seize the chance for a real transformation of the country's political life or, by rejecting the opportunity, to perpetuate and indeed harden the present deadlock.

The decision, which evidently surprised Sig. Craxi as much as the rest of Rome's cloistered political world, was very much Sig. Pertini's. The 82-year-old President has watched with ill-concealed exasperation as Italy's political parties wearily manoeuvre without success to try and create a stable government.

Italy has been without a government for six months. Although the Communists lost most in last month's general election, neither Christian Democrats nor Socialists increased their authority.

After the entirely predictable failure of Sig. Giulio Andreotti, the outgoing caretaker Premier, to stitch together a new parliamentary majority, Sig. Pertini took full advantage of his constitutional right to call upon whoever he wanted.

Like so many political surprises, his choice, once made public, obeys a considerable, and perhaps unanswerable, logic.

Here one must briefly recapitulate the background to Monday night's announcement. First, the Socialists, whose 82 Assembly seats make their support crucial for any Government, had promised during the election campaign to ensure that the country could be governed afterwards. Second, by their refusal to back Sig. Andreotti, they had ensured his failure—and almost certainly that of any other Christian Democrat asked to try next.

Third, the smaller parties (Liberals, Republicans, Social Democrats and Socialists) had urged Sig. Pertini to go for a non-Christian Democrat politician. Fourth, the Socialists had indicated that, even in this situation, they could offer little more than their abstention. Meanwhile the Christian Democrats had made clear that if they were to give up their 34-year grip on the Premiership, the Socialists would have to enter not just the majority but also the Government.

All this gives an idea of the complexity of current Italian politics. Sig. Pertini took the initiative by calling upon Sig. Craxi. In doing so, he has put



President Sandro Pertini, left and Sig. Bettino Craxi, the Prime Minister-designate.

everyone on the spot, not just the Socialists, his own former party. The politicians will have to make clear where they stand, in the knowledge that a further failure or two could precipitate yet another general election, something everyone agrees would be a disaster.

The country urgently needs a Government capable of taking

concrete measures on energy, of holding down inflation and of facing the threat of a new world-wide recession, from which Italy will not be spared. In addition it must tackle chronically inept public administration and an excessive public sector deficit.

So what will Sig. Craxi do, and what are his chances of

success? From the Socialist point of view, midway in the national political spectrum, every option is in theory open to him. But his own social democratic leaning and parliamentary arithmetic make it virtually inconceivable that he will attempt the course of the "left-wing alternative"—a form of popular front—or succeed in bringing the Communists directly into Government. This move would be vetoed by the Christian Democrats, comfortably the largest single party with 262 of the 630 Assembly seats.

A realistic forecast, therefore, must be cautious. Yet the situation is not entirely without hope, if only because of the external pressures on the parties. To succeed, Sig. Craxi must somehow remove the doubts of the three largest parties: Communists, Christian Democrats and Socialists. The problems overlap, and consummate political skill will be required.

At 45, Sig. Craxi is young by Italian political standards, and notable perhaps less for his finesse than for his boldness and energy. It was these qualities above all which helped him to wrest control of the Socialist Party after its wretched showing in the June 1976 general election. Since then, his position

has been uneasy, as a result of the division between Social Democrats and Socialists which plagues his party. To the discomfort of the latter, Sig. Craxi last summer embarked on an ideological crusade against the Communists—to build an independent Socialist image.

Now, however, he first has to assuage the doubts of the left on whether the Socialists would not be digging their own grave by joining, even heading, a Government which allowed the Communists alone to reap the rewards of opposition. This may be possible only if the Communists can be induced to drop their present line of wanting to be either in Government or in opposition, and at least offer abstention to a Socialist administration in which they did not participate.

The debate and uncertainty which are besetting the Communists now, after the stunning electoral verdict on three years of external support for Christian Democrat Government, make this proposition doubtful. But if the Communists remain aloof, the "alternative" of a Socialist administration would look a little too similar to the discredited centre-left formula embracing Christian Democrats and Socialists in the 1960s.

Barre reaches oil accord with Iraq

BY ROBERT MAUTHNER IN PARIS

M. RAYMOND BARRE, the French Prime Minister, has obtained an undertaking that Iraq will supply France with about a third of its oil import requirements from next year onwards.

The promise was made by Mr. Saddam Hussein, the vice-president of Iraq's Revolutionary Council and effective head of the Government, during three days of intensive talks in Baghdad with M. Barre.

Although no new contracts were signed during the visit, Iraq is reported to have agreed to step up its oil deliveries to France from 35m tonnes in 1979 to at least 30m tonnes next year. This follows an increase in its oil exports to France from 20m to 25m tonnes this year, agreed

to by the Iraqi Government a few months ago.

Mr. Saddam Hussein was reported to have assured M. Barre that France could count on "the continuity and security" of its oil supplies from Iraq, and that every time France had an oil supply problem Baghdad would help it to find a solution.

The French, for their part, have undertaken to deliver a 70 MW experimental nuclear reactor to Iraq on schedule in 1982, despite the fact that it was seriously damaged by saboteurs on its construction site in the south of France earlier this year.

France is also prepared to step up its arms deliveries to Iraq, given Iraq's desire to diversify its arms supplies, a large proportion of which now come from the Soviet Union. Further talks on arms are to be held soon.

Greece and Turkey agree to continue Aegean talks

BY OUR ATHENS CORRESPONDENT

GREECE AND Turkey have agreed to continue talks on Aegean issues. A joint communiqué issued yesterday after two days of discussions between Mr. Byron Theodoropoulos and Mr. Ozdemir Yigit, secretary-general of the Greek and Turkish Foreign Ministries, said a fifth round of talks would be held later in Ankara.

The communiqué said the two sides were convinced that the meetings would lead to progress. The discussions were started by the Prime Ministers of the two countries at a meeting in Montreux in March last year.

However the wording of the latest communiqué indicated that little if any progress has been made towards resolving disputes which have more than once brought the two states to the brink of war.

The three main questions

under discussion are: division of the Aegean continental shelf between the two countries; re-opening air space which has been closed since the Turkish invasion of Cyprus in 1974; and treatment of minorities in both countries.

The negotiators are also reported to be working on a document, which might include a non-aggression clause.

The Greeks insist that Cyprus is not an issue and the two sides appear to have decided to let Greek and Turkish Cypriots settle their problems separately.

AP-DJ reports from Athens: Flight engineers of Olympic Airways, Greece's national carrier, last night called a four-day strike to protest against the dismissal of four of their colleagues. The four men were dismissed during a previous strike six weeks ago.

Turkish police hold terrorist suspects

By Metin Munir in Ankara

THE TURKISH police have arrested a student who has confessed to the most far-reaching political assassination in the country, according to the Turkish newspaper Milliyet. The victim was newspaper editor Mr. Abdi İpekçi, who was often seen as embodying the philosophy of the founding fathers of modern Turkey.

A 22-year-old university student has confessed to the murder, saying he did it to discredit the Government. "I am neither left nor right-wing," the student is quoted as saying in yesterday's Milliyet. But the newspaper claims to have found links between the student and organisations connected with the extreme right-wing Nationalist Action Party of Mr. Alparslan Türkeş.

Italy unions attacked

Sig. Guido Carli, the president of the Italian Industrialists Confederation, attacked union demands for shorter working hours yesterday, at a critical stage of negotiations for new three-year labour contracts, AP-DJ reports from Rome.

Oil cost will cut German growth

BY TERRY DODSWORTH IN PARIS

THE NEW level of oil prices agreed by OPEC will add about 1 per cent to domestic prices in West Germany over the next 12 months, according to a forecast from the Organisation for Economic Co-operation and Development (OECD) yesterday.

In addition, the higher price of energy is expected to reduce the growth of real Gross National Product (GNP) by around the same amount, and reduce the current external surplus by some \$1.75bn.

These adjustments have been made to forecasts given in the latest OECD economic survey of West Germany, published today.

In the original report, written before the OPEC meeting which raised oil prices in June, West Germany's GNP was expected to fall in the first half of 1980. An annual growth rate of 2 per cent is forecast for the second half of this year, but this will fall to 3.25 per cent in the first six months of next year.

The overall growth rate in 1979 is calculated at 3.75 per cent.

The original forecasts on prices, now expected to rise faster because of the oil price increases, indicate growth of 3.75 per cent between 1978 and 1979, up from 2.6 per cent in 1978.

A slightly lower rate of increase is forecast for the first half of 1980.

In past volumes, in line with Germany's commitment to stimulate trade, are forecast to go up rapidly during 1979, but to slow early next year. Combined with a downward trend in the balance of invisibles, this is expected to lead to a reduction in the current account surplus to about DM 9.5bn (\$2.5bn) this year, compared with DM 16.1bn in 1978.

The report concludes that the

past 12 to 18 months have seen a considerable improvement in Germany's economic performance, and that prospects for continued expansion this year seem favourable.

With continued strong import growth, and a deterioration in the terms of trade, leading to a marked decline in the current account surplus, West Germany is contributing to the adjustment in the international balance of payments, the OECD says.

Protest over East Berlin

MOSCOW — The U.S., Britain and France have formally protested to the Soviet Union over the East German Government's abolition of one of the last symbols of four-power authority in East Berlin, the U.S. embassy said yesterday.

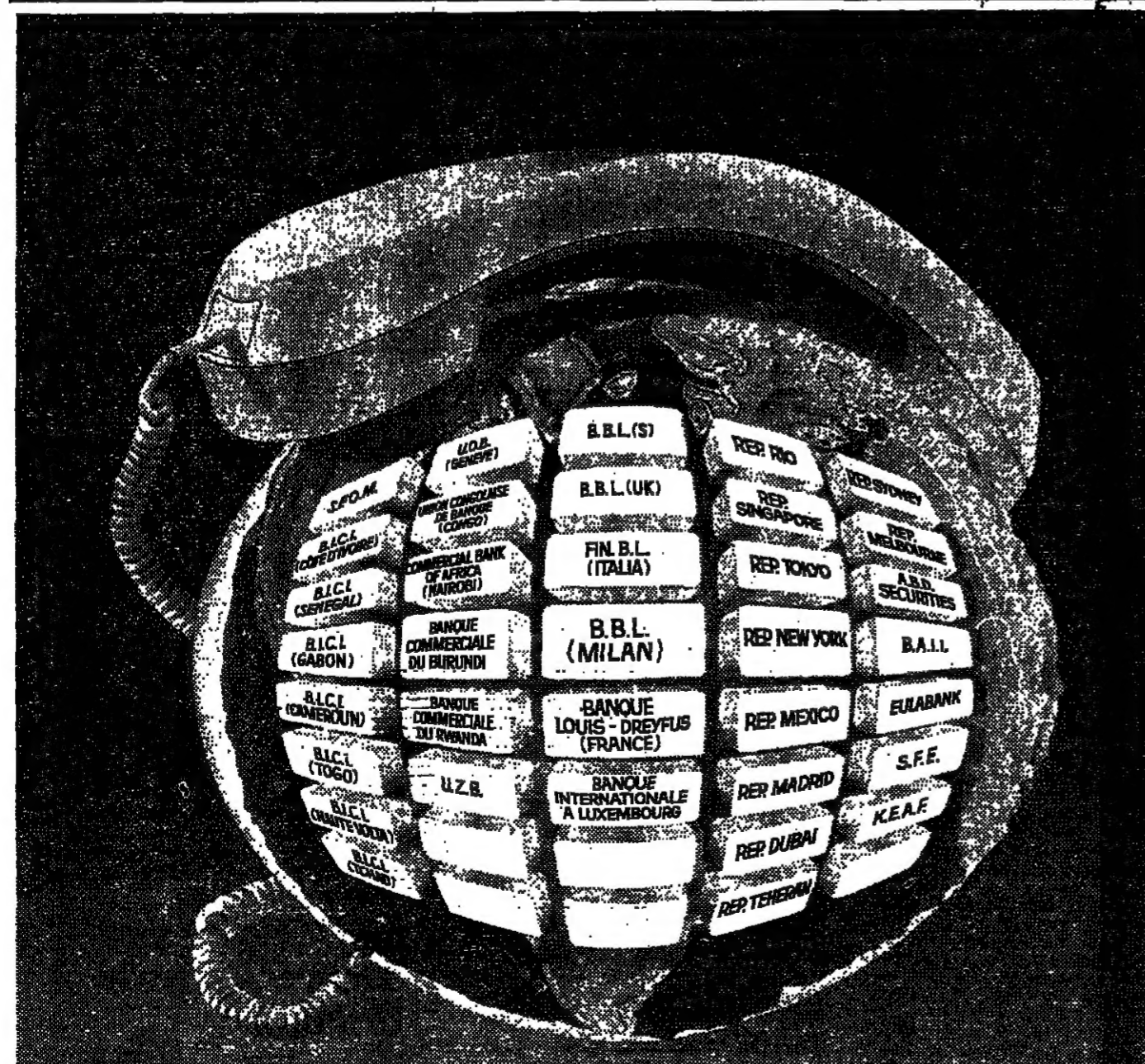
The protest was about a vote by the East German People's Chamber, the Volkskammer, last month to end the appointment of its 66 East Berlin deputies to the East Berlin City Council.

The move, obviously made with Moscow's approval, is regarded by the Western

allies as the most serious breach to date of the 1971 four-power agreement on Berlin.

The protest said East Germany had violated wartime and post-war agreements on Berlin, including the 1971 accord, which the Soviet Union had signed.

The protest also stated that the U.S., Britain and France wished to place clearly on the record that no unilateral decision by East Germany can affect the legal position of Greater Berlin which remains unchanged. AP.



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هكمان الأهل

Veil backed for president despite new opposition

BY ELINOR GOODMAN IN LUXEMBOURG

THE LIBERAL GROUP in the European Parliament yesterday decided to back Mme. Simone Veil, the former Minister of Health in the French Government, as their candidate for the Presidency of the new Parliament. The decision was taken despite signs of opposition to Mme. Veil in some of the parties on the Centre Right of the Parliament, whose support she will need if she is to be elected next week.

The odds are still on Mme. Veil, however, although pressure may be put on Sig. Colombo, the Christian Democrat President of the old Parliament, to stay on.

The European Democratic Group, previously known as the Conservative Group, will probably support Mme. Veil, however. She has been asked to address them this morning. Yesterday their feeling seemed to be against fielding a candidate of their own, even for the first round, but they were unable to agree on backing one particular Liberal.

At the Liberal meeting yesterday afternoon, Mme. Veil got 20 votes to M. Thörn's 16, and will therefore go forward as the candidate.

The opposition to Mme. Veil came to a head at a private meeting of Christian Democrats yesterday. Some Democrats felt that she was too closely associated with abortion reform for some of the Catholics in the delegation, particularly those from Ireland and Italy. There was also a feeling that she was too closely identified with the policies of President Giscard. Three conditions for supporting the Liberal candidate were put forward, which effectively ruled out Mme. Veil.

The Liberals, the Christian Democrats and the Conservative group in the last Parliament have agreed that it is the Liberals' turn to provide the Presidential candidate, and by voting together, these parties could defeat any other alliance.

Over the past few days some Christian Democrats have suggested that Mme. Veil, who was elected on the Giscardian list and only recently rejoined the Liberal fold, was not the right person for the job.

Instead, they felt the Liberals might do better to put forward M. Gaston Thörn, the former Prime Minister of Luxembourg, though not all the British Tories would have been happy with this choice.

Yesterday also saw the formation of what will almost certainly be the smallest and possibly the shortest-lived of the political groups in the European Parliament. Called the Group for the Technical Co-ordination and Defence of the Independent Groups and Members, it was formed by a band of independent MPs who are united by a general feeling that the big groups ought not to have things entirely their own way.

French economy slowing down

BY ROBERT MAUTHNER IN PARIS

THE FRENCH economy, which seemed set for a consumer and export led boom forward at the end of last year, entered a much less buoyant phase in the second quarter of this year, according to the latest study by the Patronat (French employers' federation).

During the past few months, demand for consumer and capital goods has flagged, and industrial investment remains at a low ebb. With the exception of the computer and electronic industries, order books are thinning out, and stocks are generally considered to be too large.

The sharp increase in oil prices since the beginning of the year, which has undermined export prospects and increased inflation, has been a main reason for the hesitant investment climate. Another factor has been the continued financial fragility of French companies.

According to the Patronat, the more rapid growth of company profits in 1978 and the beginning of this year has been sufficient only to reduce indebtedness and the growth of financial charges. But it has not been enough to spark off a genuine resumption of investments.

The slowdown in consumer demand is attributed by the employers' federation to higher savings by households, the rise in social security contributions since the beginning of the year, and accelerated price rises.

The Patronat nevertheless considers that the French economy is better prepared than it was five years ago to face the problems caused by the increase in oil prices, thanks to the recent fundamental restructuring of key industries and the progressive modernisation of industrial plants.

The employers' federation, which foresees no real recession either in France or the industrialised world as a whole, nevertheless emphasises that continued expansion depends more than ever on the reinforcement of the competitiveness of French industries. That, in turn, implies that industry should not be made to bear the full burden of the increased oil bill, and that wage and salary increases should be strictly limited.

Spanish pact on industrial rights

BY DAVID GARDNER IN MADRID

SPANISH EMPLOYERS and Spain's second-largest trade union, the Socialist Union General de Trabajadores (UGT), yesterday signed an agreement defining the rights of both sides of industry. This is the first such agreement since the recognition of free trade unions in 1977.

Meanwhile, the Communist-led Confederación Obrera (CCOO), the largest union, has called a national stoppage today in an attempt to make the Government modify the labour legislation it will soon put before Parliament. The CCOO is not a party to yesterday's agreement.

The CCOO move casts doubt on the usefulness of the agreement between the UGT and the Confederación Española de Organizaciones Empresariales (CEOE), the Spanish equivalent of the CBI.

The agreement defines the rights which workers and employers are prepared to concede each other, described by both sides as "the rules of the game". It also tackles two of the most difficult problems in Spanish labour relations: the "laudo" system, and whether this year's salaries are to be realigned with the consumer price index.

The "laudo" is a system of compulsory government arbitration inherited from Franco, which has become a target for bitter union hostility. The agreement states that "laudos" will be invoked only in "cases of public interest".

On salaries, the agreement foresees the renegotiation of wage agreements envisaged in last December's decree limiting this year's wage rises to 11.14 per cent, subject to revision if the consumer price index exceeded 5.5 per cent by the end of June.

The CCOO leadership is due to discuss wages with the employers' organisation on Friday. It is going ahead with today's half-hour national stoppage—without precedent in the last three years—in an attempt to force the Government into withdrawing plans which would effectively reduce the right to strike.

This difference over union policy reflects the divergent strategies of the Socialist and Communist parties, which control the UGT and CCOO respectively. This emerged in last year's abortive Government attempt to arbitrate a "social contract" which broke down because the UGT insisted on direct negotiations between unions and employers while the CCOO wanted the main opposition parties included.

Perhaps the most important feature of the CEOE-UGT agreement is that it was reached without Government intervention.

Tony Hawkins in Salisbury and Martin Dickson in London examine the implications of an end to Britain's Rhodesia sanctions

Zimbabwe's need for peace



Bishop Abel Muzorewa, Zimbabwe's Prime Minister

A FORECAST by a British Minister five years ago that economic sanctions against Rhodesia were likely to be lifted would have induced euphoria in Salisbury and a flood of British and other businessmen anxious to exploit new economic opportunities. But Mrs. Thatcher's recent prediction that Parliament was unlikely to renew sanctions in November has not so far had this kind of impact.

There are several reasons why this should be so, including doubts whether the Conservatives really will lift sanctions in the face of international hostility and fears that they may demand changes in the Zimbabwe-Rhodesia constitution which could further reduce white morale.

But behind the sober reaction to Mrs. Thatcher's words also lies the knowledge that a lifting of sanctions by Britain may not radically transform the position of the embattled state.

For one thing, it is unlikely that many other states, if any, would follow Britain's lead. Even if they did, the guerrilla war, which is far and away the main problem facing Zimbabwe Rhodesia, would continue and possibly escalate. The economic and political benefits of an end to sanctions are unlikely to be anything like as great now as they would have been a few years ago.

The mechanics of ending sanctions by Britain are simple. Parliament merely has to fail to renew the Orders in Council imposing sanctions which have been introduced every November since 1965.

The mechanics of an end to the mandatory sanctions imposed on Rhodesia by the United Nations at Britain's request are more complicated and could place the British

Government in an embarrassing position.

Sanctions were applied to Rhodesia under chapter seven of the UN Charter on the grounds that the country was a threat to international peace. Lawyers point out that for them to be lifted it would be necessary for the Security Council to pass a resolution declaring that this threat to peace no longer existed, even though the war in Zimbabwe Rhodesia is being fought at greater intensity than ever before.

It seems certain that the Soviet Government, which backs the Patriotic Front guerrilla movement, would veto any attempt to pass such a resolution. Thus, Britain could find itself acting in defiance of a UN resolution which it introduced in the Security Council.

It has been authoritatively estimated that a general lifting

of sanctions would represent a foreign exchange earnings improvement for Zimbabwe Rhodesia of between 15 and 20 per cent, which in money terms probably means about £100m a year. Mining and agricultural exports, copper, chrome, nickel, asbestos, tobacco, sugar, citrus and beer—would benefit, but this has to be set against a darkening international economic situation with depressed demand and prices for many of Zimbabwe Rhodesia's chief exports of industrial raw materials.

Moreover, the physical capacity for increased output and transport of exports does not exist. The war, the exodus of white skills (there has been a net loss of nearly 20,000 whites in the past 18 months), the transport bottleneck (itself partly a result of guerrilla activity), the disruption of agriculture (especially the peasant sector arising from the hostilities) and the call-up which affects all white men aged between 18 and 59 impose a limit on the country's capacity to expand export volumes.

It has always been assumed, in the past, that the lifting of sanctions would spark off heavy international investment in Zimbabwe Rhodesia, including substantial bilateral and multilateral aid flows. But this seems extremely remote under present conditions.

Apart from its impact on the availability of skills, on morale and output throughout the economy, the war is imposing a severe burden on the country's public finances. It is costing more than a million Rhodesian dollars (£875,000) a day and is likely to absorb about 40 per cent of state spending in the next budget.

Thus, Government plans for heavy spending on education, and health facilities and on

rural development cannot be implemented until a ceasefire or a marked reduction in hostilities is achieved.

There could well be a considerable upsurge of interest in Zimbabwe Rhodesia by foreign businessmen, in advance of, as well as after, the lifting of British sanctions. The fact remains that, particularly in the light of the oil supply situation, the economy is locked into a balance of payments straitjacket which will preclude major new spending on imports.

So far this year, the domestic price of premium petrol in Zimbabwe Rhodesia has increased almost 80 per cent and the impact on the balance of payments of buying oil in spot markets has obviously been severe. Fortunately for Salisbury, rising oil prices have been cushioned by higher export earnings, chiefly from metal and industrial exports.

A plus for Zimbabwe Rhodesia is that sanctions erosion is already evident. Following Mrs. Thatcher's remarks, sanctions implementation by many Western countries and Japan seems likely to become significantly less rigorous. Nonetheless, the scope simply will not exist for a substantial early increase in import quotas.

Yet that is what the economy needs, not only to get to grips with black unemployment, but also because ageing and often obsolete capital stock is much in need of replacement or increased availability of spares.

It would be wrong to dismiss the abolition of British sanctions as an ineffective or marginal move. It would have positive economic implications. It would help the country to finance the war and would boost flagging morale. But the real problem remains the war and the attendant problems and uncertainties.

Angola states terms for investors

By Quentin Peel in Johannesburg

THE FIRST CLEAR step to bring foreign investors back to Angola has been taken by the Angolan Government with the publication of a new law setting out its attitude towards private foreign capital.

The law, which covers all aspects of economic activity apart from the oil industry, allows for the repatriation of profits, provides guarantees of compensation in the event of nationalisation, and holds out the prospect of exemption from tax and from customs duties.

It follows a policy speech by President Agostinho Neto at the anniversary celebrations of the ruling Popular Movement for the Liberation of Angola (MPLA) in December. He declared that friendly relations could be established with non-socialist countries and private enterprise could be allowed to operate within the country.

A major provision of the new law is that projects must be framed in terms of the country's national development plan. The Government would retain control over accounts and personnel training programmes. Foreign capital may not be invested in certain strategic areas of state control; such as defence, banking, insurance, telecommunications, electricity and water supply. A normal time-scale of 10 to 15 years would be put on investment projects. Details were broadcast by Radio Luanda.

According to the broadcast, both joint companies and wholly owned enterprises will be allowed to operate, the latter in areas of export production and import substitution. Joint companies would normally be 51 per cent Government-owned, although a lower Government stake could be negotiated in situations of "recognised national interest".

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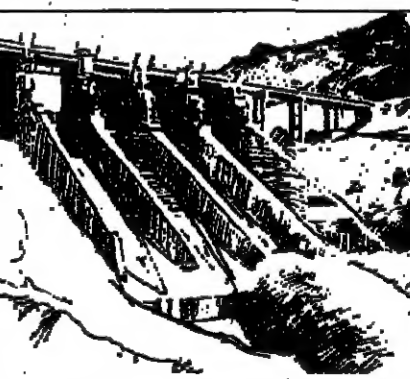
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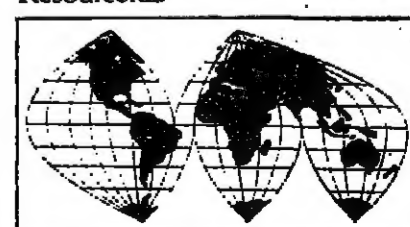
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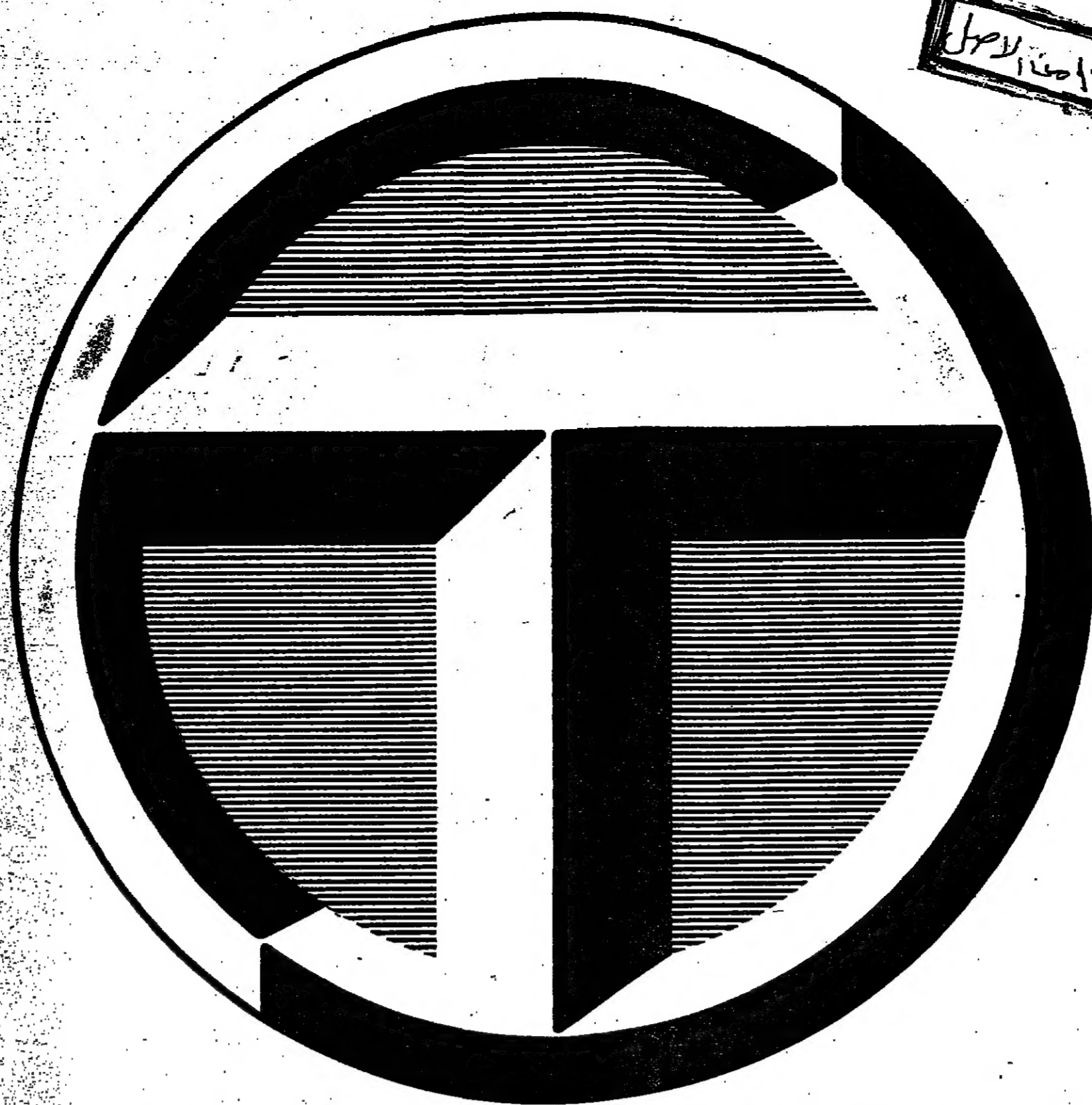
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ANNUAL GENERAL MEETING APRIL 30, 1979

- The Annual General Meeting of the Shareholders of Banca Nazionale dell'Agricoltura, held in Rome on April 30, 1979, approved the Balance Sheet for the financial year 1978, showing a net profit of 15.5 billion lire after provision for appropriations, bringing the Bank's capital and reserves to almost 170 billion lire. The Meeting resolved upon the distribution of a dividend of 175 lire on each 500 lire share.
 - During 1978, the Bank proceeded with the policy of selective diversification of the sources of deposits and of lending operations. At the year-end private customers accounted for 69.1 per cent, businesses for 24.6 per cent and the public sector for 6.3 per cent of total deposits. The breakdown of loans outstanding at the close of the financial year was as follows: private customers 5.9 per cent, businesses 92 per cent and the public sector 2.1 per cent. As at December 31, 1978, total operating funds amounted to 7,500 billion lire (+33.8 per cent versus end-1977), including customers' deposits for 5,000 billion lire (+33.2 per cent). At 3,100 billion lire, lendings to customers show an increase of 17.1 per cent compared with the position at end-1977.
 - The Meeting also resolved upon the increase of the share capital of the Bank from 24 billion to 36 billion lire, through the issuance of 24 million new 500 lire shares, ranking for dividend as of January 1, 1979; for every four shares held at the date of the Meeting, Shareholders are assigned one free-issue share and the option to subscribe one rights-issue share.
 - The Meeting then proceeded to the appointment of a Director, in the person of Giuseppe Pirozzi, who had already been co-opted by the Board of Directors.
- The Board of Directors is now composed as follows: Giovanni Auletta Armenise, Chairman; Ennio Barilla and Alfonso Gaetani, Vice-Chairmen; Goffredo Gambarara and Ulpiano Quaranta, Managing Directors; Enzo Badioli, Enrico Bassi, Mario Carrobbio di Carrobbio, Domenico Genovese Zerbi, Pier Francesco Leopardi, Enrico Merlo, Giuseppe Mormile, Giuseppe Pirozzi, Francesco Santa Maria, Vincenzo Schiavone Panni, Giovanni Vender and Giuseppe Violante, Members. The Secretary of the Board is Andrea Lupi.
- The Board of Auditors is composed of: Carlo Merlani, Chairman; Claudio Bianchi, Valentino Giannotti, Renato Guaitoli and Raoul Testa, Standing Auditors; Manlio Gallano and Andrea Salvigni, Alternate Auditors.

KEY BALANCE SHEET FIGURES

OPERATING FUNDS	DEPOSITS	LENDINGS
L.7,463,877,558,276	L.5,026,223,535,910	L.3,122,758,516,703
CAPITAL AND RESERVES	NET PROFIT 1978	
L.1,69,719,995,844	L.15,541,915,301	



TODAY CHRYSLER EUROPE HAS A NEW NAME AND A NEW FUTURE.

The new name is Talbot, a proud name to stand beside its partners, Peugeot and Citroën. A name better able to represent its new European role.

Talbot will be the new name for your Chrysler dealer and for the cars he sells. His Talbot service will provide personal attention for your present Chrysler car and full continuity of parts and spares. A Talbot service that extends right across Europe.

WHY THE CHANGE? WHAT'S THE DIFFERENCE?

A year ago the whole of Chrysler's European operations were bought by P.S.A. Peugeot-Citroën — which became Europe's biggest car manufacturer. The benefits of the group are the resources of production, research and financial backing.

Resources that mean it can support three famous brands with totally separate personalities, different cars, different dealer networks. Real choice for the motoring public.

Talbot makes you a promise — that in Talbot you will rediscover the sheer pleasure of driving a car. Talbot intends to design and

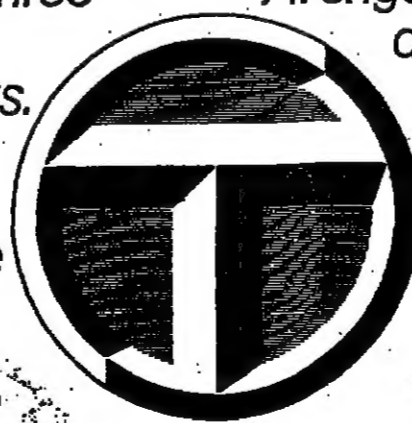
develop a range of cars that inspire pride of ownership.

Cars that use electronic innovations to increase driving satisfaction. Cars engineered to make the best use of every precious drop of fuel. Cars that are a joy to look at, dependable to drive, cars provided with a host of active safety features. Talbot makes you this promise.

And the Talbot name is a proud one. The cars it puts its name to are already evidence of this.

The Alpine and the Horizon are already winners of the coveted Car of the Year Awards in their own right. These are on-going Talbot models. The Sunbeam now extending its range with a 16-valve Lotus engined version, this too becomes a Talbot. And the Avenger, in both saloon and estate form, will go on developing even more car for your money as a Talbot Avenger.

And Talbot has new cars coming along soon. Cars that, like all the Talbot range, will be dedicated to that essential Talbot promise — The sheer pleasure of driving a car.



THE NEW SPIRIT OF MOTORING TALBOT



We've expanded upon our success

Our Vehicles

The price of success is constant effort. For this reason we have not let ourselves rest on our laurels. Instead, we've brought out a completely new model range in exceptionally little time.

Today, our vehicle line includes 5 passenger cars: Polo, Derby, Golf, Passat and Scirocco. In addition, there are the Commercials and the LT line from 2.8 to 4.5 metric tons.

Every one of these vehicles is an exceptional success.

This sales success is not just a matter of chance.

The research behind the development of the new Volkswagen generation has been more intensive and more costly than ever before.

We have devised new technological means of making our vehicles more comfortable, more economical and safer. We have developed new engines, including one of the most advanced diesel engines in existence.

And we have done everything possible to maintain the quality, economy and reliability that we have been known for since the Beetle's first appearance.

Our Sales and Service System

In order to be successful on every market, it is not enough simply to build good cars.

It is just as important to have a marketing organization which is able to sell these vehicles with energy and service them with diligence. Since 1978 our marketing organization has appeared under unified name V.A.G.

The Volkswagen Group marketing division directs world-wide deliveries to 152 countries via Sales Centres and Importers. These firms are in turn responsible for supplying and supporting the retail outlets in their respective regions.

10,600 dealers and workshops affiliated with the Volkswagenwerk are engaged in selling and servicing Volkswagens according to the uniform standards of the Volkswagenwerk AG.

This sales system guarantees world-wide the constant and careful maintenance and repair of every vehicle sold. The result is that not just our cars are top quality.

But our service as well.

Our Research Projects

Energy conservation has high priority in our research. We are seeking ways to cut down on the energy consumed above all in vehicle operation, but also in production.

We are improving body aerodynamics so as to economize on petrol.

Engines which run on methanol and ethanol fuels are now in their second large-scale fleet test.

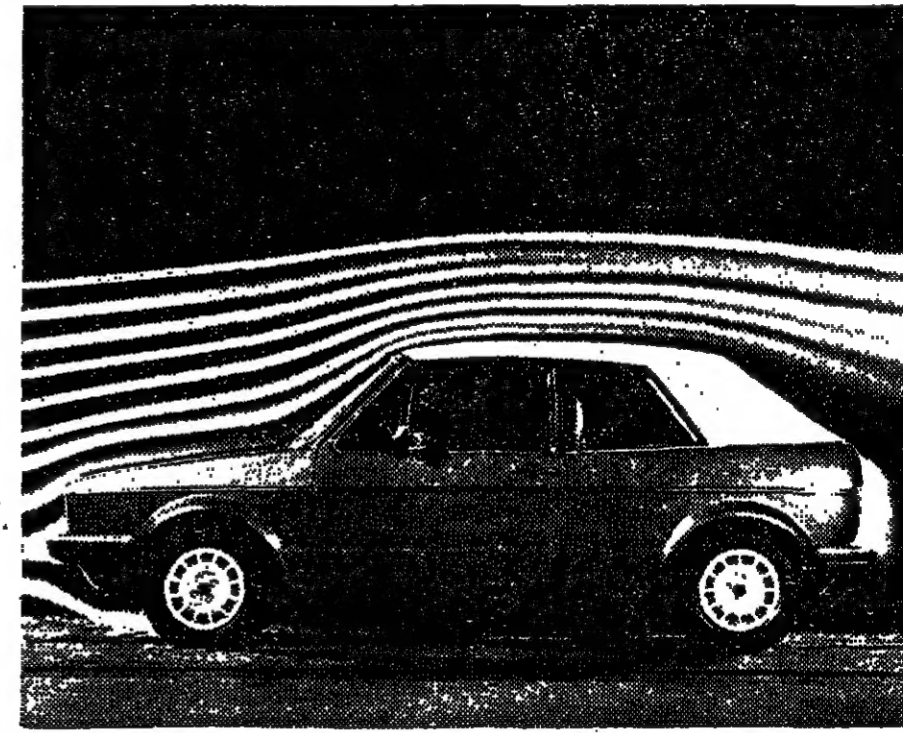
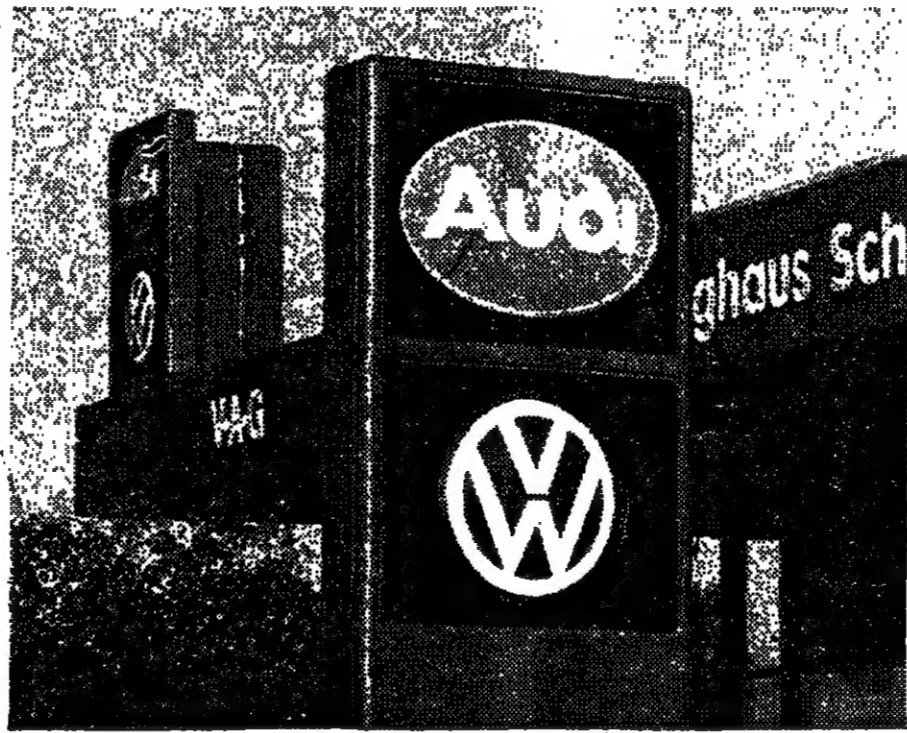
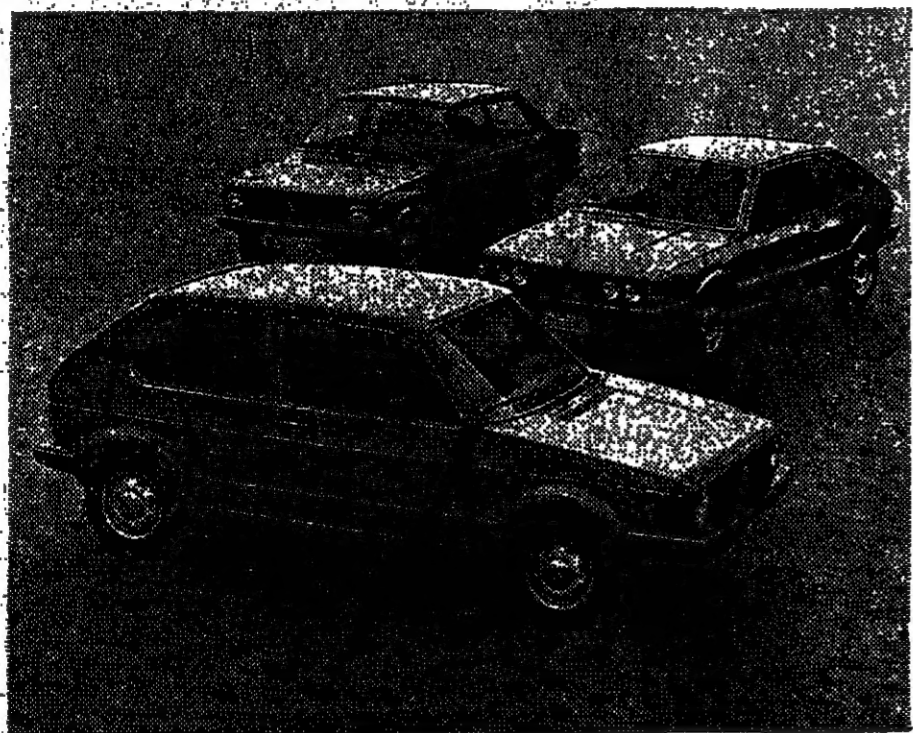
We have already developed diesel engines which consume roughly 30 % less fuel than petrol engines.

We are progressing with our developmental work with electric vehicles.

In the future, electronic systems for measurement, control, and information processing will result in even more safety, comfort, and economy in our vehicles.

The calculation and design of vehicle components with the aid of computers is saving material and weight and leading to increased safety.

And last but not least, we are hard at work reducing the exhaust and noise pollution emitted by our cars.



Our 1978 Financial Statements

Excerpt from the Financial Statements of the Volkswagen Group for the year 1978 (figures in million DM)

Balance Sheet December 31	1978	1977
Assets		
Property, plant, equipment and intangible assets	5,745	5,425
Investments	281	304
Adjustment items arising from initial consolidation	205	226
Inventories and advance payments to suppliers	3,477	3,180
Trade accounts receivable	800	557
Liquid funds, own stock	5,547	4,401
Miscellaneous other current assets	2,106	1,463
	18,161	15,566
Liabilities		
Capital stock of the Volkswagenwerk AG	1,200	900
Consolidated reserves, minority interest, reserves for special purposes	4,475	3,455
Old-age pensions	2,341	2,048
Other undetermined liabilities	3,109	2,111
Long-term liabilities	1,981	2,537
Other liabilities and allowance for doubtful trade acceptances and accounts	4,866	4,342
Net earnings after reserve transfers	189	173
	18,161	15,566

Statement of Earnings for the period Jan. 1 — Dec. 31	1978	1977
Sales	26,724	24,152
Increase in inventories, material, wages and overheads capitalized as additions to plant and equipment	561	351
Gross performance	27,285	24,503
Cost of materials	14,099	12,746
Labour cost	7,656	6,810
Depreciation	1,456	1,600
Taxes	1,692	1,503
Sundry expenses less sundry income	1,808	1,425
Net earnings	574	419
Volkswagenwerk AG's net earnings brought forward	2	4
Change principally in consolidated reserves	387	250
Net earnings after reserve transfers	189	173

The complete Group Financial Statements and the Financial Statements of the Volkswagenwerk AG carry the unqualified confirmation of the Statement Auditor and will be published in the Bundesanzeiger (Federal Gazette) early in July.

Declaration of Dividends

— Securities Code No. 766 400 and 766 401 —

At our organization's statutory Annual Meeting of Stockholders on 4th July 1979, it was decided that per DM 50.— stock value, a dividend of DM 9.— on old shares and of DM 4.50 on new shares, in accordance with the 1978 capital increase, shall be paid for the business year 1978.

Outpayment of the dividends less 25 % capital gains tax can take place immediately upon submission of the dividend coupon no. 18 to the appointed payment offices.

Payment offices in West Germany are located in Berlin, Bochum, Brunswick, Bremen, Cologne, Düsseldorf, Essen, Frankfurt (Main), Hamburg, Hanover, Munich, Münster (Westf.), Saarbrücken, Stuttgart, Wolfsburg: Dresdner Bank AG; Bank für Handel und Industrie AG; Deutsche Bank AG; Deutsche Bank Berlin AG; Commerzbank AG; Berliner Commerzbank AG; Bank für Gemeinwirtschaft AG; Bayerische Hypotheken- und Wechsel-Bank; Bayerische Landesbank Girozentrale; Bayerische Vereinsbank; Joh. Berenberg, Gossler & Co.; Berliner Bank AG; Berliner Handels- und Frankfurter Bank; Deutsche Genossenschaftsbank; Deutsche Girozentrale — Deutsche Kommunalbank —; Hessische Landesbank — Girozentrale —; Merck, Finck & Co.; Norddeutsche Landesbank Girozentrale; Sal. Oppenheim jr. & Cie.; Trinkaus & Burkhart; Vereins- und Westbank AG; M. M. Warburg-Brinckmann, Wirtz & Co.; Westdeutsche Landesbank Girozentrale; Westfalenbank AG; Commerz-Credit-Bank AG Europartner; Deutsche Bank Saar AG; Norddeutsche Volksbanken AG;

as well as in Austria in Vienna:

Österreichische Länderbank Aktiengesellschaft; Creditanstalt-Bankverein; Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft; Bank für Arbeit und Wirtschaft Aktiengesellschaft; Genossenschaftliche Zentralbank Aktiengesellschaft; Schoeller & Co.;

and in Switzerland in Zürich, Basel, Geneva:

Schweizerische Bankgesellschaft; Schweizerische Kreditanstalt; Schweizerischer Bankverein.

Wolfsburg, July 1979

Volkswagenwerk Aktiengesellschaft
The Board of Management

Post Office 10% below letter delivery target

BY JOHN LLOYD

THE POST OFFICE'S performance in the letter delivery over the past six months has fallen 10 per cent below target in both the first and second class services.

Internal figures are believed to show that in the months from December 1978 to May 1979, some 85 per cent of first class mail was delivered by the next working day, while 85 per cent of second class mail was delivered by the third working day.

The official targets to which the corporation will adhere are 93 per cent of first class mail to be delivered by the next working day, with 99 per cent

of second class post delivered on the third working day after posting.

Figures for June, when delays were aggravated by action by members of the Post Office Management Staffs Association—the supervisors—are thought to be significantly worse than those for the previous six months.

In July and August, staff holidays generally cause postal backlogs even where there are no other problems. It is thus expected that the quality of service will not immediately improve, in spite of renewed efforts by postal management to get back to their target figures of delivery.

At the same time, the Government has asked for a review of the monopoly on mails, after complaints in and out of Parliament on postal delays.

Ministers in the Department of Industry are thought to have an open mind on the ending of the monopoly, and to be considering schemes where private delivery companies could carry a certain proportion of letter traffic.

They are thought to have recognised that private carriers would tend to cream off the profitable routes, and to be thinking of schemes whereby the corporation could be compensated for the loss of certain privileges.

Resorts trade 'should recover'

BY ARTHUR SANDLES

ENGLAND'S HOLIDAY resorts may still recover some of the ground lost recently as tourists readjust to new petrol supplies, according to Mr. Michael Montague, chairman of the English Tourist Board.

Mr. Montague, in London to mark the publication of the board's annual report, said many resorts had seen custom fall by 6-10 per cent in June compared with the same month last year.



Mr. Michael Montague

The downturn had particularly affected smaller hotels who relied upon the impulse market, but people were now adjusting to the fact that petrol stations were not open on Sunday.

"There are now no petrol queues anywhere," he said.

He commented that a recent survey of development plans by major hotel groups showed that in June 1978 the 15 hotel companies surveyed had plans to build some 8,700 additional bedrooms, of which 3,800 were extensions to existing hotels.

At the latest count the same 15 companies planned 12,400 further rooms, of which 4,000 were extensions. Most of the plans were for outside London.

"If conditions remain favourable and healthy cash flow continues, it seems likely that more hotel building will follow," added Mr. Montague.

He said that self-catering and waterway holidays seemed to be doing well. There was a prospect "of a return to centre-based holidays. People will stay in a holiday resort of their choice, making only short journeys to explore nearby attractions."

Industry urged to invest in better buildings

THE NATIONAL Federation of Building Trades Employers has appealed to private industry to seize the opportunity given by the Government's economic strategy to invest in new buildings.

Mr. John Allan, federation president, says in a letter to Sir John Methven, director-general of the Confederation of British Industry: "Now is surely the time when investment in better building will yield the greatest returns."

Earls Court to be given a £6½m face-lift

BY MAURICE SAMUELSON

EARLS COURT, London's principal exhibition centre, is to have a £6½m face-lift over the next three years, with the help of a £5m grant from the Greater London Council.

The money will be used to improve the general appearance of the 42-year-old building as well as facilities for exhibitors and the public.

Foyers and entrances from car parks and Earls Court underground station will be redecorated, bars and restaurants refurbished and many public lavatories, redecorated and modernised. The old escalators

Heseltine pledges attack on land hoarding

BY COLIN AMERY

MR. MICHAEL HESELTINE, Secretary of State for the Environment, said last night that he was planning to attack the abuse of land hoarding in the public and private sectors.

He gave a strong warning to planners not to frustrate the temporary use of vacant land awaiting long-term development in the inner cities. He plans to speed up the planning process to encourage the imaginative use of derelict but available land.

Speaking at the presentation of conservation awards sponsored by The Times and the Royal Institution of Chartered Surveyors, Mr. Heseltine said that he felt he had an obligation to ensure that there would be no more urban sprawl.

The first prize for the reclamation of land for agricultural use was awarded to Derbyshire County Council for

the transformation of a derelict basalt quarry at Taddington into a planted and grazing area. Second prize went to Northumberland County Council for the recovery of colliery spoil heaps at Ashington.

Third prize was given for the removal of heaps of colliery waste at the Wheatley Hill colliery, in County Durham.

First prize in a section covering land reclaimed for recreational and amenity use went to a country park established on the site of an unsightly and dangerous sand and gravel quarry near Stoke-on-Trent.

Irvine New Town Development Corporation won second prize for the recovery of a derelict beach area. A disused colliery at Silksworth, Sunderland, now reclaimed as a recreation centre, won the third prize.

Education cuts 'will not lead to falling standards'

BY OUR EDUCATION CORRESPONDENT

THE PROSPECT of deterioration in the quality of State education was being discounted in Whitehall yesterday, in spite of claims by teachers' unions that cuts in public expenditure would inevitably cause a severe decline in standards.

A statement by the 21,000-member National Association of Head Teachers that the Government's economies were "the most damaging attack on education standards" since the Second World War, was privately criticised by government officials as neglecting the fact that the £8.5bn education budget conceals a good deal of unproductive expenditure.

Although the NAHT had asked members to inform parents that school heads "can no longer guarantee to maintain the present standard," officials

said it would not be the Government which decided the detailed effect of the savings it thought necessary for the economy.

It was up to the unions and local authorities together to decide whether the savings were made in supplies of books, equipment and so on, or by measures to eliminate waste such as reducing the number of inefficient teachers.

Even if the employment of fewer teachers at a time when school rolls were falling were to cause a slight increase in average class sizes, this would not necessarily mean a drop in the quality of education provided to pupils.

Numerous studies of the effect of class size had so far failed to establish a connection between smaller classes and improvements in children's educational attainments.

Rover launches 'upper echelon' V8S at £10,000

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ROVER saloon is today moved into the £10,000 car class with the introduction of a top-of-the-range V8S.

The V8S is fitted with the same running gear as the Rover 3500, and so uses a 3.5-litre engine and five-speed manual or optional automatic transmission. But the V8S will have a distinctive trim, styling and special equipment.

Initially, the V8S will be available in the UK only.

Launch stock will be 900 cars, an average of one for each JRT outlet, and the eventual production target is 140 a week.

With Rover Engineering at Solihull.

The retail price of the V8S is £10,690, with automatic transmission costing a further £230.

JRT's sister company, Austin Morris has moved more of its Princess range up the market by producing top-specification HLS versions of both the 1700 and 2000 models.

The 1700 HLS has a retail price of £5,043 while the 2000 HLS costs £5,321.

The company is also increasing the price of its Allegro range by 6 per cent today, making the two-door de luxe £2,935 and the four-door super version £3,410.

Mr. Jeff Herbert, managing director of Rover Triumph Cars, admitted that competition in the upper echelon of the executive car market in the UK is very tough.

But we are convinced that the V8S will appeal to top business and professional men who look for distinction, a high level of standard equipment and good fuel economy.

With an eye on the U.S. market, where more than 55 per cent of cars have air-conditioning, the V8S is the first car to be fitted with the new heating and air-conditioning unit developed by Pressed Steel Fisher, another BL subsidiary, at Cowley in conjunction

with Rover Engineering at Solihull.

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British Gas to reduce supplies

By Kevin Done, Energy Correspondent

BRITISH GAS is to take steps to limit sales of gas to new customers in the face of the unprecedented surge in demand for natural gas caused by the shortage and unpredictability of oil supplies.

The Gas Corporation is determined not to exceed its planned sales expansion for the current year. It is concerned that if it takes on all the new customers looking for gas, it could generate a peak load in the winters of the early 1980s, which it would be unable to meet.

As a first step, it is cutting its advertising budget by about £5m in the current financial year. It is also promoting all appliances that could generate increased demand such as central heating systems and gas fires.

As a further step, individual regional gas boards are to be allowed to restrict sales to the minimum of their legal obligations, if demand threatens to exceed the planned sales expansion.

Under various Acts British Gas, as a monopoly supplier, is only obliged to provide tariff gas for would-be customers located within 25 yards of a gas main. It can also refuse individual sales over 25,000 therms a year.

The Corporation is planning to increase last year's sales of 15,700m therms to 16,700m therms in 1979-80.

But demand for new appliances and contracts has shot up dramatically in the wake of the disruption of oil supplies. About 80 per cent of the additional gas that had been earmarked for sale by contract to industry has already been accounted for in the first quarter of the present financial year.

So the remaining sales will be made very selectively on price and the nature of the potential use.

In order to dampen demand for oil supplies the Government has encouraged oil companies to raise prices to the full level of the world market, but this is an option it has denied British Gas.

Even if the employment of fewer teachers at a time when school rolls were falling were to cause a slight increase in average class sizes, this would not necessarily mean a drop in the quality of education provided to pupils.

Numerous studies of the effect of class size had so far failed to establish a connection between smaller classes and improvements in children's educational attainments.

Winter demand boosted

BY MAURICE SAMUELSON

THE COLD WEATHER in the first quarter of the year helped to raise UK demand for oil by 1.4m tonnes, 5.6 per cent more than the same period last year.

Figures from the Institute of Petroleum yesterday put total product sales at 25.8m tonnes, with burning oil sales soaring by more than 15 per cent, and diesel by 8.2 per cent.

Petrol demand grew by more than 4 per cent. It is now 9 per cent—or 1.2m gallons a day—higher than in the first quarter of 1973, six months before the Yom Kippur War which triggered the major world oil price rises.

However, total demand for most products in the first quarter is still nearly 14 per cent lower than the level attained in 1973.

The figures were issued as Mr. David Howell, Energy Secretary, was calling on industry to take urgent steps towards more efficient use of energy.

THE ENERGY CRISIS AND ITS EFFECTS

Value of UK's oil production could be doubled in 1979

BY KEVIN DONE, ENERGY CORRESPONDENT

UK CRUDE oil production was worth about £2.5bn last year, and the 1979 total could be more than double that as production builds up and oil prices increase rapidly.

According to figures released by the Department of Energy yesterday, sales of natural gas from the UK sector of the North Sea were worth a further £2bn (valued at the cost of equivalent imported crude oil).

But the latest forecasts from the Department of Energy suggest that crude oil production next year will reach only 85m-105m tonnes, increasing to 95m-115m tonnes in 1981.

This is a reduction of 5m tonnes on the last forecast made in December, which indicated that North Sea output would reach 90m-110m tonnes in 1980.

British oil consumption is forecast to reach 96m tonnes this year, according to the Department of Energy's "Brown Book," the annual report on the development of the UK's oil and

gas resources.

But this figure could fall if the Government succeeds in cutting UK oil demand by 5 per cent, the target agreed with other major oil-consuming countries to meet the shortfall in world crude oil supplies.

The exploration effort on the UK continental shelf fell sharply last year, and Mr. David Howell, Energy Secretary, yesterday urged the oil industry to increase the pace of offshore drilling.

The new Government's intention was that "vitaly important further exploration work should go forward with increased vigour, so as to secure timely and successful development in the years ahead, when production from existing fields begins to decline," Mr. Howell said.

The oil industry warned the last Government strongly that lack of confidence in North Sea policy was weakening oil companies' exploration efforts.

According to Department of Energy figures, expenditure on

exploration work last year fell to £287m compared with £374m in 1977. The number of exploration wells dropped from 67 in 1977 to 37 last year.

Exploration activity in UK waters is still at a low level compared with previous years.

So far the present Government has made only one move to boost offshore drilling work. Last month it removed the British National Oil Corporation's right to have first option on buying into oil companies' existing licences.

But more far-reaching proposals for licensing new offshore exploration territory and for changing more radically the role of the corporation are still under review.

Total capital expenditure in oil and gas production last year amounted to £2.3bn, about 22 per cent of all UK industrial investment.

According to the "Brown Book" investment from 1965 to 1978 totalled about £8.5bn and a further £4.5bn remains to be

spent on offshore oil and gas development up to the end of 1980.

The UK offshore supplies industry is gaining an increasing share of the North Sea market for services and equipment, and captured 66 per cent of the work last year, compared with 62 per cent in 1977.

The value of orders placed last year rose to £1.574m, compared with £1.295m in 1977.

The UK industry gained 70 per cent of the orders placed for development work, including the fabrication of offshore platforms and equipment, and onshore terminals. Its share of the maintenance market, valued at £78m, rose sharply to 73 per cent compared with 33 per cent in 1977.

The main fall in orders going to UK companies occurred in the exploration sector. There British companies won only 19 per cent of the exploration and appraisal drilling work last year, against 26 per cent in 1977.

Platform yard to cut 300 jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

REDPATH De Groot Caledonian is to declare about 300 of its 800 workers redundant by the end of the year, making it the third UK oil platform yard in recent months to be forced to cut employment.

The yard at Methil, Fife, has a £13m order book, but will shortly announce losses running into millions of pounds for the last financial year, and is still

losing money.

Dr. J. Dickson Mabon, the former Energy Minister who last week became chairman of the Anglo-Dutch company, said last night that even if new work was won before the 90-day notices of redundancy expired, it would not make any difference.

"Our objectives are to break even by next March and to get down to a workforce by early

in October which we can keep stable and in full employment. We want to get away from the boom and bust situation and if we do get a heavy order book we will try to meet it by subcontracting rather than by taking on more men."

"We now have a reputation for good work and delivering on time, but we have been hit by a number of factors outside our

control including the bad weather last winter."

Two other yards specialising in steel platforms, Highland Fabricators and Nigg Wester Ross, and J. Ray McDermott, and Ardersier, near Inverness, have also recently had to make large cuts in their workforce because they were running short of work.

World consumption of crude oil at record level

BY KEVIN DONE, ENERGY CORRESPONDENT

THE WORLD consumed 3.076bn tonnes of crude oil last year, the first time annual oil consumption has topped 3bn tonnes.

According to British Petroleum's annual statistical review of the world oil industry, demand last year rose 3.3 per cent over the 1977 figure.

Oil consumption in the world, excluding Russia, East Europe and China, reached a record level of 2.478bn tonnes, an increase of 3 per cent on the previous year. Total world oil production increased by 0.7 per cent to 3.084bn tonnes in 1978 and exceeded consumption by 8m tonnes.

Oil production in the world, excluding Russia, East Europe and China, fell last year by 0.7

per cent to 2.395bn tonnes and fell short of consumption by more than 80m tonnes.

Total oil output of OPEC member countries was 1.491bn tonnes, 5 per cent lower than last year. Though the disruption in Iran last autumn badly affected world oil supplies, the biggest output reduction was by Saudi Arabia, down by 47m

tonnes, against Iran's 23m tonne decrease.

Other OPEC members whose production was down sharply were Abu Dhabi (nearly 13 per cent down), and Nigeria (nearly 9 per cent). Some OPEC members, including Iraq and Kuwait, increased their production last year.



The Chapel. Where a classic sherry comes to light.

Why one sherry develops a different character from another is a subject as shrouded in mystery today as it has ever been.

We know how it happens. Certain of the young wines develop a yeast on the surface—called flor—while others don't.

This is what differentiates the finos and amontillados from the olorosos. Even the inexperienced eye can appreciate this.

But it takes the eye of a true master-craftsman to tell which of the young wines will develop the subtlety and delicacy of a classic fino and which will mature with the extra nuttiness

of a classic amontillado.

With the aid of the pure, flickering light from a candle, this fine distinction is made. As it has been for generations to select the classic finos and amontillados to come.

The classic fino is very pale in colour and very dry to taste with a subtly delicate bouquet. Luncheon Dry is just such a fino. Serve it chilled to appreciate fully its true character.

The classic amontillado is allowed to mature for longer in the cask, taking on a richer colour and a subtle nutty flavour. Such is the character of Club Amontillado.



Luncheon Dry & Club Amontillado. Two classic styles of sherry from Harveys of Bristol.

Up to 34% rises agreed for Civil Service scientists

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT has reached agreement with the Institution of Professional Civil Servants on pay increases of up to 34 per cent for 20,000 scientists.

The union will try to maintain the industrial action by some of the scientists to support a still-outstanding claim for 50,000 technicians and related staff, though the traditionally moderate attitude of IPCS members may make its attempt difficult.

The action, which has disrupted dockyard, ordnance factory and other defence, Parliamentary and Government work, has been principally aimed at shifting the Government's first stand against the technicians' 36-47 per cent claim.

Mr. Bill McCall, IPCS general secretary, who concluded the scientists' deal in informal talks with the Civil Service Department, said yesterday that union members would be asked to maintain their support for the action while a meeting was sought on technicians' pay with Lord Soames, the Lord President of the Council, who has responsibility for the Civil Service.

Mr. Paul Channon, Civil Service Minister, said he hoped the scientists would now return very

speedily to normal working and that the union would now call off all its industrial action and take the technicians' claim to arbitration.

The agreement on maximum rates takes an assistant scientific officer from £3,303 to £4,030, up 22 per cent; scientific officer from £4,415 to £5,486, or 24.25 per cent; higher scientific officer from £5,448 to £6,737, or 23.66 per cent; senior scientific officer from £6,898 to £8,705, or 26.19 per cent; and principal scientific officer from £8,461 to £11,343, or 34.06 per cent.

The rates were marginally improved in talks which have taken place since last week with the Department, but the final area of agreement was on a series of words to isolate this year's deal from any future scientists' settlement and from the technicians' claim.

About 5,000 Portsmouth dockyard workers were sent home yesterday because of a half-day strike by about 1,200 supervisors, members of the IPCS, in support of the claims.

National Health Service administrative and clerical staff unions last night reached a staged pay settlement of 19-30 per cent bringing 117,000 staff in line with Civil Service administrative grade settlements.

Jenkins predicts inflation near 20% by December

BY OUR LABOUR STAFF

INFLATION WILL reach 18 per cent to 20 per cent by December and wage claims will exceed that in the autumn, union leader Mr. Clive Jenkins predicted yesterday.

Mr. Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, said that autumn wage settlements would be at least level with the 1978-79 average for his members, about 16 per cent.

Mr. Jenkins was introducing his union's quarterly economic review, which strongly criticises the Budget and the government's financial policies.

The economy, he said, was suffering from "slumpflation" and was faced with a "Niagara" of imports.

Changes in value-added tax

and other indirect taxes would add 4 per cent to the annual inflation rate and the bank minimum lending rate would remain as at present or would rise. The effects of that on house mortgage rates would greatly affect ASTMS members' pay negotiations.

The review suggests that the Budget is a failure on its own terms and that much overseas money would continue to flow in, adding to the money supply. Credit shortages would bear most heavily on investment.

Unemployment would rise to an unadjusted total of nearly 1.6m by the end of the year and increase next year.

The union forecasts a 1 per cent growth rate this year and a balance of payments surplus. However, it is very gloomy about next year.

Move to spread banks dispute likely today

BY NICK GARNETT, LABOUR STAFF

FIRST STEPS towards extending the pay dispute within the English clearing banks will be made today when the executive of the Banking, Insurance and Finance Union considers a programme of industrial action in all five banks.

Strikes of 24 and 32 hours by computer staff members of the union and the Association of Scientific, Technical and Managerial Staffs in the Midland Bank shut down the bank's five main computer centres yesterday.

The banking union's executive seems certain today to authorise a repeat of this action, which has disrupted cash transmissions and statements, next week.

It will also consider bringing

out its members at Midland's two Heathrow banking offices, where a ballot produced a clear majority in favour of industrial action.

The executive is also likely to make first preparations for widening the dispute. The union has been balloting 8,000 members in High Street branches of all the banks in a number of areas, to see if action should be extended.

The result is not expected until July 23, but there are strong signs that a majority will favour action.

Mr. Leif Mills, the union's general secretary, said yesterday that the executive would consider selective one-day strikes, overtime bans and a ban on head office returns,

among other forms of action, at these branches.

The executive will also consider whether to ballot other areas on industrial action. "We are prepared for a lengthy dispute if necessary. It is up to the banks to come up with a realistic offer," said Mr. Mills.

The banks have made a common offer of 12 per cent new money, and consolidation of productivity payments, improved London allowances and two days extra holiday, together worth an estimated 3 to 5 per cent.

Action at the Midland followed collapse of conciliation talks last week, when the bank improved its new money offer to 12 1/2 per cent. The unions are seeking 15 per cent.

Prior acts over redundancy and unfair dismissal rules

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT went ahead with promised changes in the rules covering unfair dismissal and redundancy notices yesterday, partly to help small businesses.

Orders were tabled in Parliament by Mr. James Prior, Employment Secretary. He wrote at the same time to Mr. Ian Murray, TUC general secretary, replying to TUC objections. Subject to parliamentary approval, the period for which

a person must be employed before he can bring a complaint of unfair dismissal is extended from six months to a year.

The period of notice that an employer must give his workers that they are redundant has been shortened from 90 to 30 days where between 10 and 50 employees are involved. For redundancies of 100 or more people, the notice remains at 90 days.

The Government has decided

against raising to two years the qualifying period for unfair dismissal for employees aged under 18.

Mr. Prior told Mr. Murray that the change in the unfair dismissal rules was because "there is no doubt in my mind that employers have found the legislation a burden and a disincentive to recruitment."

Shortening the period of notice of redundancy would have a "negligible" impact, although it would help small businesses.

Thames TV back on air

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THAMES TELEVISION programmes went on the air late yesterday afternoon, following an agreement between the company and the Association of Cinematograph, Television and Allied Technicians and the reinstatement of three film editors.

The return-to-work agreement was reached after a union meeting and Thames Television said talks would now be held with the ACTU Euston branch over the question of film split editing, particularly on current affairs programmes.

Chrysler men walk-out

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE 3,500 workers at Chrysler UK's Stoke engine plant, Coventry, walked out last night in what threatens to be a protracted strike. A strike by 2,000 men at Chrysler's nearby Ryton factory is now in its second week.

Workers are protesting at the company's 51 per cent pay offer. Chrysler insists that with a forecast loss of £30m for the year, it cannot afford to increase pay rates further.

Stoke supplies components to

the truck plant at Dunstable and to Linwood, Scotland, where the Avenger and Sunbeam are assembled.

The effects of the strike will be delayed until those plants return from their summer holidays on August 6.

Chrysler has stocks to meet the high sales expected in August, but is concerned at the effect of any lengthy shutdown. The company has warned workers that the strike could mark the start of a rundown in operations.

Power workers 'reject offer'

By Philip Bassett, Labour Staff

POWER WORKERS are thought to have rejected their latest pay offer of 16 per cent, though by a much closer margin than their three-to-one rejection two months' ago of an offer worth about 14 per cent.

The result of a secret ballot of the 96,000 manual workers in the electricity supply industry is not due for about a fortnight, but leaders of the unofficial shop stewards' committee estimate that just over 90 per cent of the workforce is against acceptance.

Unofficial estimates of the result of the last two secret ballots in the industry have proved correct, and last year when the committee forecast a 50:50 acceptance of a package worth more than 20 per cent for some workers it was accepted by a majority of only 500.

Official union negotiators have already made it clear that notwithstanding the result of the latest ballot they will press for increases in line with the 16.18 per cent offer rejected by 27,000 engineers in the industry.

The latest offer gives 16 per cent in two stages, with a first stage of 12 per cent from March and a further 4 per cent in October.

The determination of the manual workers' negotiators to seek increases in line with the engineers' offer is re-stated in a letter to members from the official trade union side.

The letter says union officials have told the Electricity Council that they are concerned about the size of the difference in the offer to the Electrical Power Engineers Association.

Ship blacked by port workers

A 3,600-ton German freighter was stranded in Hull port yesterday by a dispute over pay for its crew. The Marabo Fur was blacked by lock-gate men and tug crews on the orders of the International Transport Workers' Federation.

The federation says the ship's 22 officers and crew are not being paid the proper international rates and are owed between £50,000 and £70,000

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

£-Banks	June 20, 1979	Change on month
Eligible liabilities		
UK banks		
London clearing banks	27,514	+483
Scottish clearing banks	2,859	+78
Northern Ireland banks	561	+37
Accepting houses	2,653	-51
Other	7,690	-113
Overseas banks		
American banks	4,430	+281
Japanese banks	344	-4
Other overseas banks	2,972	-45
Consortium banks	277	+16
Total eligible liabilities*	49,989	+553

Reserve assets		
UK banks		
London clearing banks	2,587	-49
Scottish clearing banks	289	+10
Northern Ireland banks	135	+3
Accepting houses	286	-6
Other	850	-14
Overseas banks		
American banks	505	+31
Japanese banks	59	+2
Other overseas banks	445	-20
Consortium banks	55	+1
Total reserve assets	5,511	-22

Constitution of total reserve assets		
Balances with Bank of England	479	-75
Money at call:		
Discount market	3,211	-20
Other	127	+9
UK, Northern Ireland Treasury Bills	1,922	+38
Other bills:		
Local authority	169	+38
Commercial	868	-6
British Government stocks with one year or less to final maturity	561	-56
Other	-	-
Total reserve assets	5,511	-22

Ratios %		
UK banks		
London clearing banks	12.9	-0.3
Scottish clearing banks	12.1	-
Northern Ireland banks	14.9	-
Accepting houses	14.5	+0.6
Other	12.4	-
Overseas banks		
American banks	13.3	-0.3
Japanese banks	15.1	+0.7
Other overseas banks	15.0	-0.4
Consortium banks	20.0	-0.2
Combined ratio	13.3	-0.2

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £298 million.

2—Finance houses		
Eligible liabilities	409	+12
Reserve assets	42.4	+1.4
Ratio (%)	10.4	+0.1

Special deposits at June 20 were £724m (up £17m) for banks and £3m (unchanged) for finance houses. * Interest-bearing eligible liabilities were £31,973m (up £217m).

Cash challenge on Corby closure

BY OUR LABOUR EDITOR

A CLAIM that the British Steel Corporation has greatly exaggerated the financial saving it would make by halting iron and steel making at Corby, Northants, has been made by two university lecturers who are advising Corby's trade unions.

Working from figures given to the unions at the plant, they claim that the annual saving would not be £42.1m, as suggested by the corporation, but

£6.4m—a figure which they say is "insignificant" by British Steel's financial criteria.

Unions at the plant have not seriously challenged the economic case for closure, but are fighting it mainly on social grounds, arguing that the loss of 6,000 jobs would reduce Corby to a ghost town.

But Dr. Robert Bryer, lecturer in accountancy at the University of Warwick and Mr.

Terry Brignall, lecturer in finance, believe the financial case should also be challenged.

They say the corporation's figures show that the difference in the total cost of steel made at Corby and steel made at the big new Redcar plant in the North-east, which would be substituted for it, is about £12 a tonne, or £6.4m a year.

It would need a rise in Redcar's costs of less than 10 per

cent to bring Corby steel costs level.

There are two main reasons why the £42.1m savings figure is unrealistic, they say. First, it is based on current costs, not on the costs that Corby could achieve if steelmaking was retained and run in the best possible way. The level of investment required for that would appear to be small.

The two plants should be compared on the basis that both are running efficiently, the lecturers say. Over £18m of the difference between their savings figure and British Steel's could be accounted for in this way.

Secondly, British Steel had assumed that if Corby closed most of its fixed costs would be saved, but that if Corby's output were not transferred to Redcar none of Redcar's fixed costs could be saved. Another £18.1m a year could be removed from British Steel's savings figure because of this assumption.

Dr. Bryer also claims that even the £6.4m saving may be an over-estimate because of some guesswork on the corporation's part, technical difficulties of using Redcar steel for the Corby tubes mill, and the possibility that imported ore and coal for Redcar will rise in real terms.

The future of Corby and of Shotton in North Wales may be discussed by the TUC steel committee tomorrow, when it holds a regular consultative meeting with British Steel.

Meanwhile the corporation is under pressure to shut more capacity, and Ministers believe that attractive terms can be offered to persuade the workers at these two big plants to give up their jobs.

Hospital union man arrested

A HOSPITAL workers' leader was arrested yesterday as 200 members of the National Union of Public Employees scuffled with police and stopped traffic in a London demonstration over health service cuts.

Mr. Conway Xavier, leader of the ancillary workers at Great Ormond Street Hospital for children, was arrested as his supporters halted their march on a pedestrian crossing.

London Clearing Banks' balances

as at June 20, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coitis, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	Change on month £m
Sterling deposits:		
UK banking sector	6,392	+485
UK private sector	30,427	+312
UK public sector	523	+43
Overseas residents	2,973	+68
Certificates of deposit	1,989	+72
of which: Sight	42,334	+981
Time (inc. CD's)	17,935	+235
Foreign currency deposits:	24,299	+746
UK banking sector	5,010	+9
Other UK residents	1,074	+70
Overseas residents	13,236	+397
Certificates of deposit	1,153	-25
Total deposits	20,572	+451
Other liabilities*	62,906	+1,432
TOTAL LIABILITIES	19,863	+517
ASSETS		
Cash and balances with Bank of England	73,509	+1,950
Market loans:		
Discount market	1,294	-65
UK banks	2,171	-48
Certificates of deposit	7,986	+821
Local authorities	981	-26
Other	961	-138
Other foreign currency assets*	400	+17
TOTAL ASSETS	12,506	+636

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

LIABILITIES	TOTAL	BARCLAYS	LLOYDS	MIDLAND	NATIONAL WESTMINSTER	WILLIAMS & GILBERT
Total deposits	£m	£m	£m	£m	£m	£m
ASSETS						
Cash and balances with Bank of England	1,294	-65	409	+46	230	+36
Market loans:						
UK banks and discount market	14,743	+1,074	3,504	+392	3,404	+217
Other	11,075	-205	2,231	-171	2,925	+19
Bills	1,339	+12	298	+21	128	+29
Special deposits with Bank of England	425	+12	147	+7	25	+1
British Government stocks	2,137	+18	505	-43	381	+1
Advances	32,901	+683	9,394	+175	5,121	+237

TABLE 3. CREDIT CONTROL INFORMATION (Parent bank only)

Eligible liabilities	27,552	+409	8,845	+172	4,279	+115	5,828	+110	7,203	-3	987	+16
Reserve assets	3,562	-42	1,109	+10	372	+45	320	-9	933	-34	123	+4
Reserve ratio (%)	12.9	-0.3	12.5	-0.2	13.3	+0.2	12.6	-0.3	12.9	-1.3	12.5	-0.2

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Proposals plan on Rhodesia independence

BY IAN OWEN

BRITAIN'S determination to secure Rhodesia's return to legality by bringing about fundamental changes which led to the appointment of Bishop Muzorewa as the country's first black Prime Minister, was affirmed by Lord Carrington, the Foreign Secretary, yesterday.

While repeatedly emphasising the importance which the Government attaches to the full and free consultation, including that which will take place at the Commonwealth Prime Ministers' Conference in Zambia next month, he insisted that the final decision on proposals for Rhodesia's future must be a British responsibility.

In the course of a major debate on Rhodesia in the House of Lords, leading Labour and Liberal peers warned the Government against embarking on a unilateral course of action including the lifting of sanctions against Rhodesia, which could result in Britain having to endure the type of world diplomatic condemnation last experienced at the time of Suez.

These warnings were reinforced from the cross benches by Lord Carver, former Chief of the Defence Staff, who—in an implied criticism of comments made by the PM in Australia

about the difficulties which would face the Government in asking Parliament to agree to renew sanctions for a further year in November—urged Lord Carrington not to let the reins "slip out of his hands".

Opening the debate, the Foreign Secretary made it clear that the Government wants to see the bitter and prolonged controversy finally resolved this year. The dispute began with the unilateral declaration of independence by Mr. Ian Smith in 1965.

He acknowledged criticism of the constitution on which Rhodesia went to the polls in May for its first one-man one-vote election—particularly the blocking power given to the white minority over a very wide range of legislation—and hinted that this would be among the matters discussed with Bishop Muzorewa when he visits London later this week.

Lord Carrington stressed that Lord Harlech, the special envoy who recently returned from Africa after consultations with the so-called front-line states and representatives of the Patriotic Front, had found an encouraging recognition that major changes had taken place inside Rhodesia over recent months.

He complained that there had been a disposition in some sections of the international community to seek to ignore these changes and to argue that Bishop Muzorewa and his Government should be treated in the same way as the previous government of Mr. Smith.

Amid cheers, the Foreign Secretary declared "I do not share that view. It was not Bishop Muzorewa who made the unilateral declaration of independence. He has campaigned for many years for majority rule in Rhodesia."

"He needs our help and encouragement if he is to demonstrate that a fundamental change has taken place in Salisbury, that a new government with new policies is in control and that, as we believe to be the case, Rhodesia is now firmly embarked on the road to a multi-racial society."

Lord Carrington testified to the value of the diplomatic link which the Government had established with Bishop Muzorewa in Salisbury.

He claimed that Britain now had closer contact and was in a better position to influence events in Rhodesia than at any time since the illegal declaration of independence.

He recognised that elsewhere in Africa and among Rhodesia's neighbours, different views were held to those of the British Government as to whether there had been a real transfer of power from the minority to the majority.

He described the war in Rhodesia as savage and cruel and said the aim must be to try to contribute a more secure future for its people.

"The most effective way in which we can make such a contribution is to try to bring Rhodesia to legal independence in such a way as to win the widest possible international acceptance."

After emphasising that it was a British responsibility to find a proper basis on which to bring Rhodesia to legal independence, the Foreign Secretary reported that Lord Harlech had faced demands for a British initiative from the African Governments he had consulted.

The Government had not yet come to final conclusions because the process of consultation was still continuing.

"But it is the Government's intention, when our consultations have been completed, to make firm proposals of our own, stemming from the British Government as the constitutionally

responsible authority, to bring Rhodesia to legal independence on a basis which we believe should be acceptable to the international community."

Underlining the Government's wish to make as rapid progress as possible, Lord Carrington told peers: "No purpose will be served by undue delay. There is no reason to believe that there will be a better chance of securing a solution next year or the year after that."

For the Opposition, Lord Gormanby - Roberts, former Foreign Office Minister of State, welcomed the general tone of Lord Carrington's speech, but questioned whether the consultations which had already taken place would justify the Government in not seeking to renew sanctions for a further year, as seemed to have been envisaged by the Prime Minister in her comments in Australia.

He maintained that a firm British position on sanctions was vital to the conduct of the further negotiations in Rhodesia which were to take place in coming weeks.

If it were felt that sanctions would not be renewed, he said, Mr. Smith and his supporters would be encouraged to keep hold of the position they now

occupied and to resist further concessions to the African majority.

An associated danger was that the African states would be forced into the wrong kind of choice, with the possibility that they would increasingly turn to the Soviet Union because they felt that it was not possible to obtain an acceptable solution to the Rhodesia problem by relying on the West.

As a member of the UN, Britain was legally and morally bound to maintain sanctions. It would be wrong for the Government to run the risk of allowing Britain to be isolated in the General Assembly and pilloried in the Security Council.

"We cannot afford another Suez," he declared.

"The present Rhodesian constitution will not do. It has not been voted upon and the recent election was not a test of opinion as to the constitution but a popularity contest."

Lord Gormanby-Roberts advocated fresh elections, conducted under international supervision.

Specialist police forces given pay rise

THE GOVERNMENT announced pay rises for the British Transport Police and other specialist police forces yesterday.

The rises are to equate with rises for non-specialist police forces accepted by the Government this year. It gives them a pay increase of about 40 per cent.

The announcement was made today by Mr. Paul Channon, Civil Service Minister.

The agreement covers forces who police defence establishments, the docks, royal parks, and airports in Northern Ireland as well as the transport police. The rises will bring their pay rates to between 80 per cent and 100 per cent of those of non-specialist forces.

In the rise for non-specialist police, the pay of constables in forces outside London ranges from £3,600 to £5,700.

For the Liberals, Lord Gladwin also drew a parallel with Britain's position at the time of Suez, and urged the Government to proceed with caution over sanctions policy.

Charities call for aid to boat people

By David Dodwell

BRITAIN'S LEADING charitable organisations launched an emergency aid appeal for Vietnamese refugees yesterday, demanding an immediate Government commitment to accept 15,000 people.

Advertisements that appear widely in the national press this week ask for cash contributions and invite sympathisers to lobby the Prime Minister, providing a cut-out coupon for the purpose.

Criticism

Several British charities have recently been criticised for using political means to promote their charitable ends, and the coupon, which presses the Government to "give sanctuary generously to refugees from Indochina," is likely to be controversial.

The appeal might seriously embarrass the Government, since it has been timed to draw maximum attention to the United Nations Conference on Vietnamese Refugees, to be held in Geneva on July 20-21. The conference was called for by Mrs. Margaret Thatcher.

A spokesman for the UN High Commission for Refugees said yesterday that South-East Asia is swamped with 350,000 refugees, and another 1.2m are likely to be pushed out into the South China Sea in the months ahead.

Refugees

Nw offers to accept 75,000 refugees for resettlement have been received since June, most from the U.S., France, West Germany and Canada. Britain has made no commitment, preferring instead the idea of providing cash for refugees to be resettled in South-East Asia, perhaps on the Pacific island of Guam.

The campaign pressing the Government to accept 15,000 refugees has been sponsored by Oxfam, Help the Aged, Christian Aid, the Catholic Fund for Overseas Development, the Minority Rights Group, the Ockenden Venture, the United Nations Organisation, YMCA and YWCA.

Labour MPs insist that sanctions must be continued



IN THE Commons Sir Ian Gilmour, Lord Privy Seal, also made a statement on Rhodesia.

Mr. Peter Shore, shadow Foreign Secretary, told him that if it was the Government's view that very substantial changes were needed in the present constitution there should be no question of lifting sanctions or of recognition.

Sir Ian apologised for the "thinness" of the statement he had made, but told Mr. Shore: "The reason for it was that you asked for it—not that I had anything particularly interesting to say."

He reminded Mr. Shore that Bishop Muzorewa would be seeing Ministers soon. No proposals had yet been made.

Mr. Christopher Brocklebank-Fowler (C. Norfolk NW) said: "The only way forward may be for an interim period of internal self-government as a 'British colony' prior to free elections under universal suffrage leading to complete independence."

Sir Ian replied: "I am aware that that view is shared by a

number of other people. We rule out no method at this stage of bringing Rhodesia back to legal independence."

Returning to sanctions, David

"Of course we stand for the victory of the ballot box over the bullet. But it will not be in the interests of this country or Rhodesia for us to act entirely on our own."

Ennals (Lab. Norwich N) said that the Prime Minister had weakened the Government's negotiating position by saying that the Commons would not again approve sanctions in Rhodesia.

He said the Opposition would give full support to imposing sanctions again.

Sir Ian said that he did not think Britain's negotiating position had been weakened.

Ultimately, no settlement in Rhodesia would be successful unless it was accepted by the majority of Rhodesians as a whole.

Warley E) insisted that Britain

Mr. Andrew Faulds (Lab. Warley E) insisted that Britain should neither recognise Rhodesia nor lift sanctions until the country has made constitu-

Bedfordshire) insisted that the first priority must be the wishes of the Rhodesian people of all races as expressed through the ballot box. Sir Ian told him

national changes and had dismissed Mr. Ian Smith.

Sir Ian retorted that he did not think "that sort of partisan declaration" would help the negotiations.

Mr. James Johnson (Lab. Kingston upon Hull) asked whether Mrs. Thatcher was prepared to go to the Commonwealth meeting taking "in a minority of one," her line on lifting sanctions.

Stephen Hastings (Mid-

He added: "If the Government needs some months to try to bring round the rest of the world to support Government policy there would be a large number of members who would support that."

And Mr. Terence Higgins (C. Worthing) insisted that the present Rhodesian constitution "could not be the basis of a permanent settlement since it contains a number of highly discriminatory elements."

These comments prompted an intervention from Opposition leader, James Callaghan, who declared they had "shown the Prime Minister that if only she stands up she will get a lot more support from her side of the House than perhaps she thought."

He went on to call for an early debate on Rhodesia and Sir Ian told him this had been agreed.

PM defends union plans

BY JOHN HUNT

THE PRIME Minister gave a firm indication yesterday that she is determined to press ahead with the Government's proposals for amending labour relations law, despite the initially hostile reaction of some trade union leaders.

There were cheers from Conservative MPs in the Commons when she declared: "I believe we have an absolute mandate for these proposals. They are what the people want."

"The events of last winter showed that they are needed and I hope we will have everyone with us who believes that great power should be matched by great responsibility."

Mrs. Thatcher was replying to a barrage of questions from Labour MPs. They strongly opposed the proposals put forward in the Government discussion document for amending the law on secondary picketing and the closed shop and for giving financial assistance for unions to hold secret ballots.

They made it clear that the Government could expect stiff opposition both inside and outside the Commons.

It was noticeable, however, that Mr. James Callaghan, leader of the Opposition, refrained from condemning the Government's package.

He contented himself with some scathing remarks about the Government's plans for cutting public expenditure.

Mr. Eric Heffer (Lab. Liverpool Walton), a leading Left-winger, said that despite the

soft sell approach of the Government, the present proposals were an echo of the Industrial Relations Act.

"Isn't it clear that if you persist in this type of policy you will run into a great deal of difficulty both in this House and the country?" he asked.

But Mrs. Thatcher did not agree that there was any similarity to the Industrial Relations Act of 1971. That had been a much larger measure than the Government was now introducing.

Strong support for the Prime Minister came from the Tory benches throughout the exchanges. Mr. Michael Ancram (C. Edinburgh) suggested she should widen the basis of negotiations to include ordinary trade union members who, by and large, supported the proposals.

The Prime Minister agreed that there was very widespread support for them, both inside and outside the trade union movement.

Mr. Colin Shephard (C. Hereford) reminded her that despite the comments of some union leaders, the British people and the membership of the trade unions had clearly expressed themselves in favour of the reforms.

He urged her not to be diverted from her path by the "Pavlovian" and wholly predictable response of Messrs. Len Murray and Moss Evans.

Mrs. Thatcher agreed wholeheartedly. The consultation document arose from underak-

ings given in the manifesto and these had been discussed with the British people while the events of last winter were still fresh in their minds.

It was largely because of this that the Conservatives had gained more support than ever before from members of the trade unions and had won such a large number of seats in the Commons.

Mr. John Cartwright (Lab. Woolwich E) wondered how she expected trade unions to go in for responsible pay bargaining when she had now destroyed the only effective price watchdog.

Bluntly, Mrs. Thatcher told him: "The fact of the matter is that unless increased pay is matched by increased output the result will be either inflation or unemployment."

Replying to questions about the Conservative proposals for the closed shop, she declared: "We believe firmly that people should not be deprived of their job without compensation just because they refuse to belong to a trade union."

"We hope that is a matter we shall put right in legislation."

Mr. John Selwyn Gummer (C. Epsom) called on her to ensure that individual trade unionists were protected from the over-riding power of senior trade unionists.

The Prime Minister agreed and told him: "These proposals will also protect anyone who wishes to go about their lawful business unhindered."

Double tax code approved

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CLAUSE concerning the controversial double tax convention between Britain and the United States was approved in the Commons early yesterday despite sharp Conservative protests.

Some MPs were particularly worried because the clause—which is contained in the Finance Bill—enables the provisions of the convention to be backdated if it is ratified by the Commons later this year.

Mr. Graham Page (C. Crosby) speaking during the committee stage of the Bill, protested that the clause was "unconstitutional." He was astonished that it should be in the Bill at all.

The backdating would be to December, 1975, the date when the British Government signed the convention. Since then, however, the question of

American states, notably California, can assess British subsidiaries on their worldwide earnings for tax purposes, instead of on their local earnings. This means that the subsidiaries are liable for a much larger tax burden.

On Monday, the Senate ratified the convention but a provision preventing individual states from levying unitary taxation had been cut out.

Mr. Page said yesterday that, by approving the clause, the House was giving its blessing to the convention instead of encouraging the Government to fight it through diplomatic channels.

"This clause is so unconstitutional that it ought to be taken out of the Bill and thought of all over again," said Mr. Page.

Mr. Peter Rees, Minister of State at the Treasury, said it was purely an enabling pro-

vision although there was also a measure of retrospection.

He pointed out that the Commons would have full opportunity to consider ratification of the convention later in the year.

He confirmed that he is going to Washington in September to discuss the matter with Mr. Lubick, Assistant Secretary at the U.S. Treasury.

Mr. Rees said the Government well understood the concern of British and foreign companies over the matter and Mr. Lubick had been left in no doubt about this.

Mr. Rees also stressed, however, that it was a very sensitive issue and declared: "It would be tactless in the extreme for us to intervene in what is primarily a matter of states' rights."

For the Opposition, Mr. Denzil Davies, a Labour Treasury spokesman, said he would have preferred complete ratification before the summer recess.



italcable

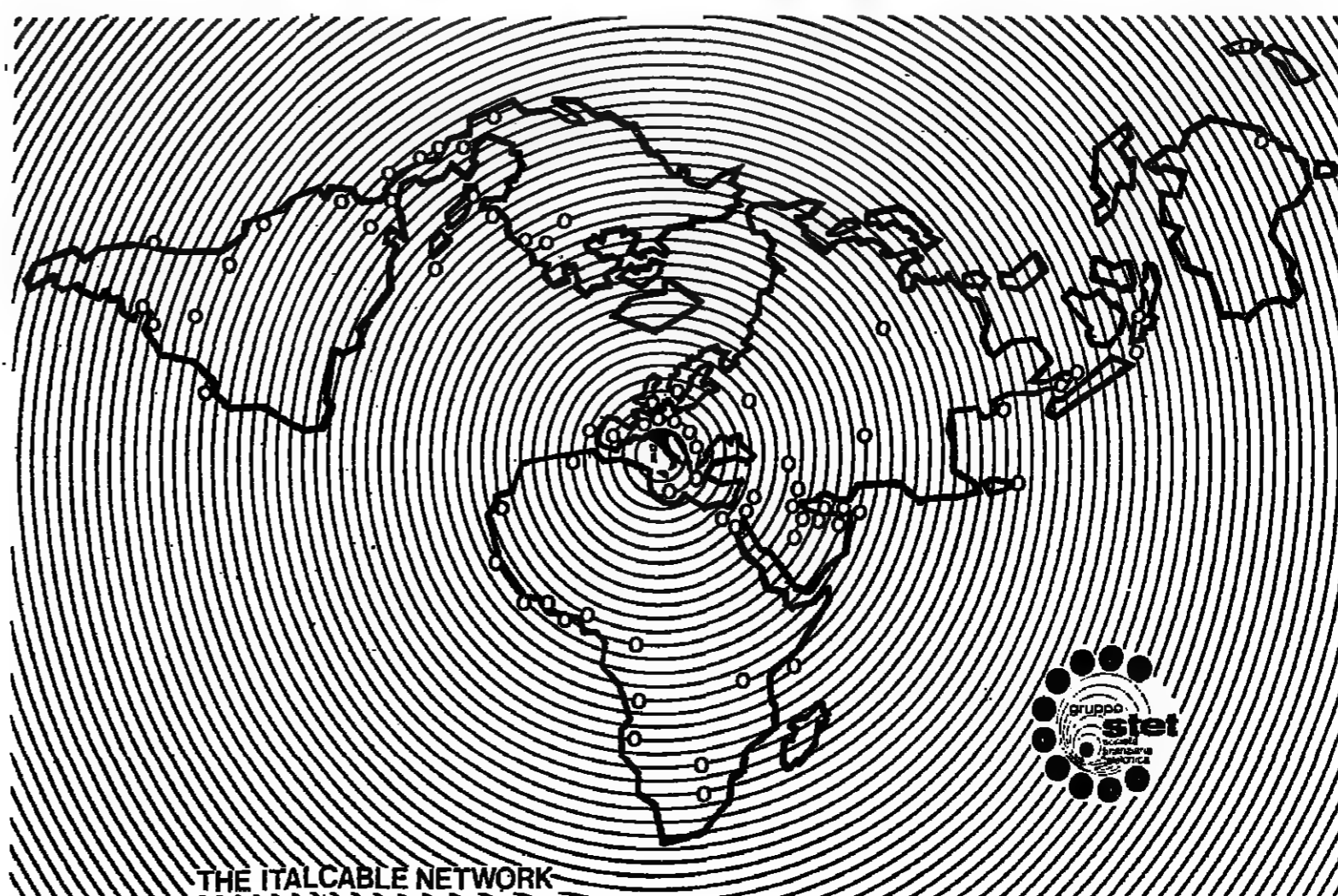
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The 1978 Annual Report underscores the continual increase in the Company's traffic volume - operating income went up by nearly the third - and this trend is orienting ITALCABLE to a threefold expansion of its production plant.

Intensification of activities is largely explained not only by ITALCABLE's collaboration with developing countries in setting up telecommunications systems but, importantly, by its growing commitment to cater at maximum technical level to the needs of highly industrialized countries throughout the world by creating increasingly diversified technologically sophisticated services.

In this way ITALCABLE is progressively implementing its operational policy based on world-wide expansion coupled with a constant updating of expertise and application of the most advanced relative technologies.

OVERSEAS TELECOMMUNICATIONS SERVICES



THE ITALCABLE NETWORK

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHROEDERS

COMPONENTS

High resistance to corrosive liquids

AN INTERESTING development likely to attract the attention of manufacturers in many industries, especially those handling corrosive fluids, is a plan to market on a much wider scale than hitherto a range of ball, butterfly and check valves made from reinforced epoxy resin.

Although of UK design, the valves are at present being manufactured in Japan, but it is hoped that following successful trials in the UK (British Steel is undertaking several corrosion experiments), production in Britain, possibly in a joint venture, might be started before long.

One of the main claims made for the valves is that they offer an alternative to expensive metal valves where high resistance to chemicals and corrosion is an essential consideration. In fact, FVC, the manufacturer, reckons that the valves are suitable for 95 per cent of all known chemicals and

they cost less than stainless steel models. The valves are produced on standard moulding machines and because of the high quality tools used (these are also made in Japan) they do not require a finishing operation. They are very light (the smaller ones can be sent through the normal parcel post) and are made in sizes up to 200 mm diameter in manual, power-actuated and fire retardant versions. They will withstand temperatures up to 130 degrees C and working pressures of 200 psi.

The valves are interchangeable with all international flange standards and because of the nature of the material from which they are made do not need thermal insulation. They are particularly suitable for cryogenic applications.

A 12-page manual dealing with the valves can be obtained from FVC at 14 Hall Park, Berkhamsted, Herts. (Berkhamsted 74167).

Offers a constant force

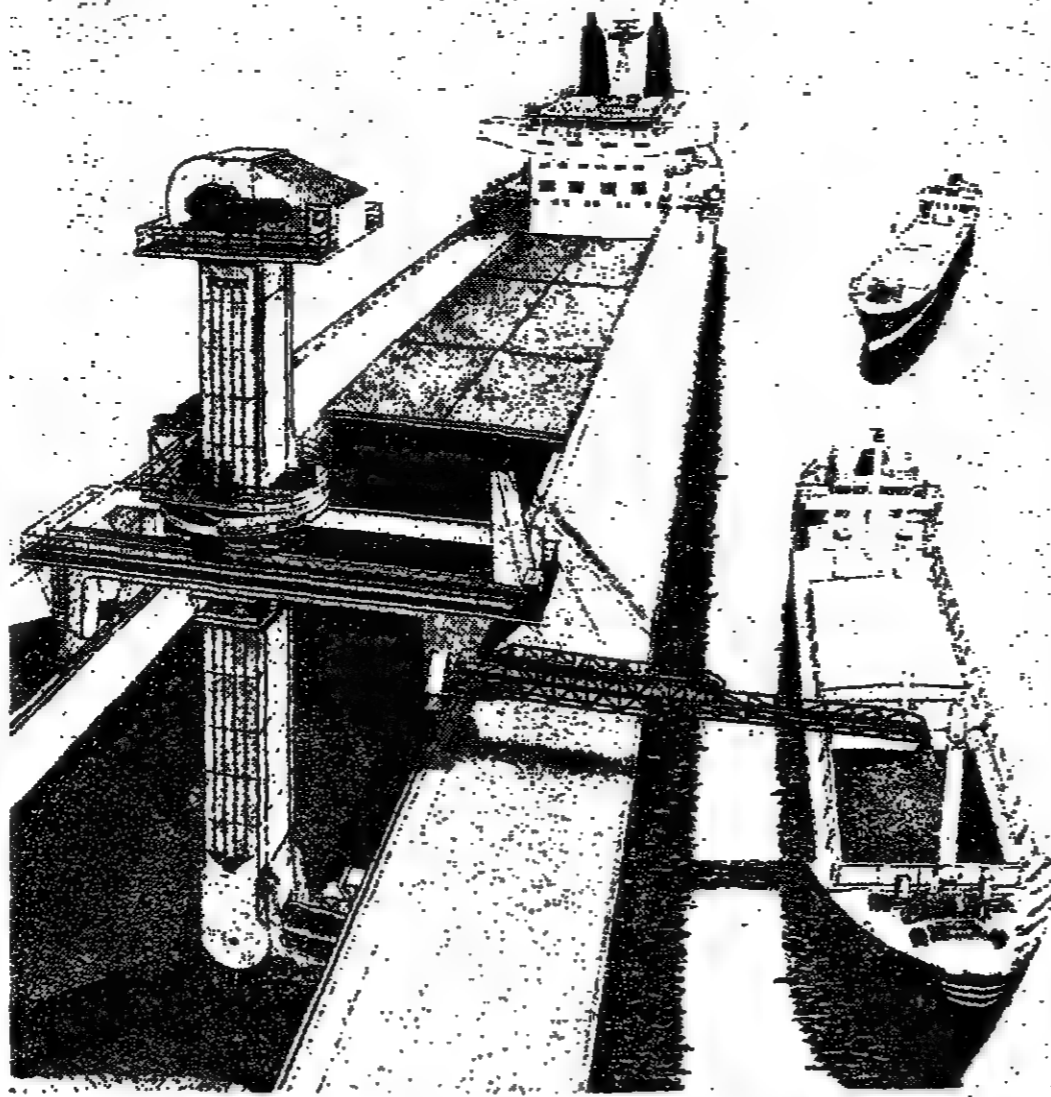
A NEW type of steel spring, designed to ensure constant force in sensitive systems, is reported to have been invented by an Israeli scientist, Dr. Boaz Pupper (Pupper Engineering, 6 Razaz Street, Kiryat Motzkin, Haifa, Israel). The company is selling the know-how in Israel and abroad.

Named Pi-Flex, because its configuration resembles the Greek letter Pi, it has been protected by international patents. Two have already been sold for use in supporting high pressure pipes in a nuclear

reactor. One of the springs weighed 200 kilos.

Unlike conventional linear springs which are subject to deflection, the Pi-Flex assures constant force with only a 2.5 per cent variation, according to the inventor. This is crucial in the case of high pressure pipes which are subject to cracks at high temperatures if they do not have constant force support.

However, the spring can also be programmed for variable force where needed and he believes that it will be able to replace much more expensive and involved pneumatic pistons now used in various machines.



UNLOADING LARGE SHIPS OFF-SHORE

ILLUSTRATION OF a new ship unloading concept based on a bucket-wheel and feeder conveyor system to handle bulk cargo built by Babcock-Moxey (member company of Babcock Contractors), Wingless House, Bristol Road, Gloucester 10452 36331).

Active components of the unloader (which would be deck mounted and not interfere with a ship's original design) are

part of a ship-mounted rail and gantry arrangement to enable the bucket-wheel to operate in any position throughout the length of cargo space.

The system would weigh 300 tonnes and when at sea could be stowed to minimise obstruction of the deck or ship operation.

It could be used to discharge high density materials, such as iron ore, at 3,000 tonnes an

hour, less abrasive and lighter materials—coal, grain, bauxite—at a rated capacity of 3,000 cu metres an hour.

Anticipating large scale ship unloading operations in the 1980s, the designer says that ships of, say, 100,000 tons, unable to reach adequate harbour facilities, could off-load cargo on to shore-side facilities, barge, coaster, or smaller ship moored alongside. New unloader would cost \$7m.

CIVIL ENGINEERING

Flood prevention in south-west Holland

IN THE Oosterschelde estuary, an hour's drive south of Rotterdam, work has started on one of the most ambitious engineering projects ever conceived in Europe. This is the construction across the mouth of the estuary of a series of sluice gates, which can be closed whenever the sea is dangerously stormy.

The barrier is intended to protect low-lying south-west Holland from the floods it suffers at intervals. The last major invasion of the sea was in 1953, when the dyke system was breached in 57 places. 1,850 lives were lost and untold millions of pounds worth of damage done to the industry and agriculture of the region.

This catastrophe led in 1958 to the formulation of the Delta plan, designed to prevent any recurrence by damming all the major water inlets in the area. Pressure from environmental groups in the early seventies forced a change of mind as far as the Oosterschelde was concerned, and the original plan for a permanent dam was

dropped in favour of the vastly more complicated movable storm surge barrier.

Two man-made islands have been constructed in the mouth of the estuary, cutting its width from six miles to two. The new barrier will be in three parts, one joining the two islands and the other two connecting each island to the mainland.

The barrier consists of steel sluice gates supported between concrete piers. The piers will be constructed on the larger of the islands, and placed in position to an accuracy of three centimetres by a purpose-built vessel. Each pier will weigh 20,000 tons dry weight, take a year and a half to build and three whole days to place in position.

There is a critical period lasting some 13 hours during this process when it is essential that the weather is calm. Extremely accurate weather and sea condition forecasting is therefore required, and for this purpose a specially designed information system called Histos is being

Wang is now recognised as the second largest supplier of small business computers in North America and the largest worldwide supplier of screen based word processing systems. It is doing very well in the U.K. too!

Telephone: Northwood 2831

WANG

supplied by the British computer company SPL International.

Data will be collected by sensors placed in bays and on poles driven into the sea bed. They will measure critical factors such as wave height, wind speed and direction, water temperature and the speed of the current in the estuary. The data will be processed for use by meteorologists at a computer centre of the Rijkswaterstaat (Dutch Public Works Authority) at Zierikzee.

The Histos system will also be used to provide environmental data, such as the effect the new barrier has on the tides in the estuary, and to monitor the condition of the barrier itself. This is important to ensure that the effects of the sea on the barrier are the same as predicted by experiments using scale models.

IN THE OFFICE

Rough draft to finished copy

OPTICAL character reading is available with Lexitron stand-alone word processing systems marketed in the UK by Data Logic.

Typewriter equipment enables typists to prepare a rough draft copy on normal office typewriters and then edit and produce it in final form on a Lexitron word processor. This unit makes every standard typewriter with an OCR-B type style an input device for a word processor.

It optically scans and identifies each character on a typed page and then transmits data to the Lexitron at two lines per second. It can also identify certain typewritten and handwritten editing instructions, minimising the time and effort needed to create final copy on the screen and to produce it on the printer.

There are a number of benefits from introducing OCR into word processing. For example, typists who are familiar with an author's style can work at rough draft speeds and in rough draft formats, freeing the word processing operator to edit, reformat and produce converted drafts in final form.

Typewriter also enables documents stored on magnetic media from other word processing systems to be transferred to the Lexitron. Hard copy of the text is printed out and the Typewriter then converts it—and edits if required—for storage on Lexitron floppy disc or cassette.

This capability enables Lexitron systems to work with machines using non-compatible storage media.

Typewriter is a floor-standing unit which plugs into any convenient power point and connects to the Lexitron word processor via cable. The main elements are an input hopper, an output hopper and a display panel for operational indicators and controls.

Data Logic, 29 Marylebone Road, London NW1 0JL 01-486 7283.

Improves typists' efficiency

LEEDS PERMANENT, the country's fourth largest building society, has completed a comprehensive review of typing activity and performance which has resulted in an order for Logica VTS for a Unicom VTS shared logic video typing system with ten stations. The Leeds is believed to be the first major organisation in the finance sector to have undertaken such a study.

The Society has maintained, over the years, a constant review of typing effort and performance, and the typists employed are concentrated into high output typing centres. Detailed studies of Leeds Permanent's long term needs demonstrated that a shared logic typing system would maintain and improve standards of typing efficiency. Logica's Unicom VTS system was chosen because it was easy to use and offered good control.

Typists find Unicom easier and less tiring than their electric typewriters and capable of producing high quality output.

Leeds Permanent monitored performance before confirming the order. Initially the Society used the system for straightforward audio typing, principally consisting of short one-off letters and memos with a minimal amount of correction, and worthwhile gains were achieved within four weeks of the equipment being installed. The facility to construct letters from standard paragraphs was added to the system and further substantial gains in output were then achieved.

The Society predicts that the Unicom system will pay for itself in approximately three years on the typing services alone.

Logica, 64, Newman Street, London W1A 4SE (01-637 5171).

INSTRUMENTS

Measures the power

THE RANGE of analogue and digital multimeters made by Avo, Archcliffe Road, Dover, Kent (0304 202620) now includes digital clampmeters which may be used to measure ac current wherever a single conductor is available and without the need to break the circuit.

There are three models, each offering ac current measurement up to 999A and ac voltage measurement up to 99V.

Surge values of current or voltage may be detected by setting the meter to the appropriate switch position. In this

mode, the instrument will sense the highest value of the voltage or current being measured and hold that value in the display until the meter is switched off. This feature is particularly useful when measuring motor starting surge, or as a "freeze" facility when making measurements in difficult locations where it may not be possible to read the display.

The battery operated instruments are pocket-sized and, says the company, their simple one-hand operation allows them to be used in most locations.

Makes the data clear

DESIGNED and already successfully marketed in Australia is a signal processing instrument which can accept up to 64 channels of analogue information and present them in vertical colour bar format on any standard colour television monitor.

The instrument is now to be made in the UK by a company currently being set up called Chromatec Video Products, 10 Barley Mow Passage, Chiswick, London W4 4PH (01-894 6477).

Alphanumeric characters are also produced on the screen in identify the bars and to label the vertical axis of the display.

The company says that quantitative assessment of the signal levels is rendered precise by means of electronically generated gratings superimposed on the display.

Colour is used in other ways to give more information. For example, overlaid levels can be set so that if any bar exceeds the pre-set value, it turns red above that level.

Likely applications are in frequency spectrum analysis, work process control and medical monitoring. Further development is under way to give the unit intelligence and memory using a microprocessor.

CONFERENCES

Carbides in machining

CEMENTED carbide materials are among the most important contributors to advancing technology and increasing productivity in engineering.

Recent developments in cutting tool materials has, for example, allowed faster machining speeds and longer tool life in milling and turning applications, and hard metals are finding increasing applications in materials requiring high wear resistance and in mining and rock drilling.

Leading speakers from industries involved in carbide technology around the world will take part in a three-day international conference called "Recent Advances in Hard Metal Production", which is to be held at the University of Technology, Loughborough, September 17-19, 1979.

The conference will assess the worldwide raw materials availability situation with regard to tungsten, cobalt, tan-

talum the main materials used to produce hard metals. It will also review important achievements by the industry in recent years in "Powder Production", "Powder Pressing and Sintering", and "Post-Sintering Operations". The latter will cover talks on processes to produce wear resistant coatings on hard metal cutting tool tips to increase tool life or to allow faster machining, and also hot isostatic pressing (HIP) which is heat treatment process under pressure to eliminate any voids in the hard metal.

There will also be a session covering applications for hard metal products, and an exhibition is planned which will show materials and equipment used in the production of these materials.

More from Loughborough on 0509 83171 or from "Metal Powder Report", 18, Talbot Chambers, Shrewsbury, Shropshire (0743) 64675.

PLASTICS

Blow-moulded fuel tanks

MEMBER company of Krupp Group, Kautex-Maschinenbau GmbH, Bonn-Holzlar, has developed equipment and procedures for two high-density polyethylene fuel tanks of 76 and 79 litres capacity in co-operation with Ford Australia, Ford Cologne and BASF AG, Ludwigshafen.

Production of these tanks, based on Lupolen 4261 A, a material from BASF, on a fully-automatic Kautex KB 250-S120 gantry-type blow moulding machine, is in progress in the Melbourne works of Ford Motor Company of Australia, at Campbellfield.

Production rate is 20 tanks/hr which are completed in a succeeding station by friction-joining an additional part. The

PACKAGING

Does not raise the dust

CONTAINERS SUCH as drums and kegs can be filled with powder without creating dust by using the latest filling machine produced by Transmatic Fyllan. Dust is avoided because the machine lifts the drum before filling starts and the latter is gradually lowered as the powder is dispensed. Weight accuracies are claimed to be better than plus or minus 2 per cent.

The company's factory is at Old Ford Road, Bedford (0234 99294).

tanks have passed basic safety tests as well as a two-minute flame exposure test and a drop test from a height of 6 metres at minus 40 degrees C.

Owing to their shape, these tanks are extremely difficult to blow-mould.

Krupp, Postfach 10, D4300 Essen 1, West German Federal Republic.



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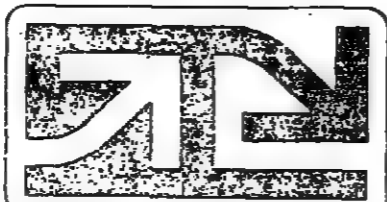
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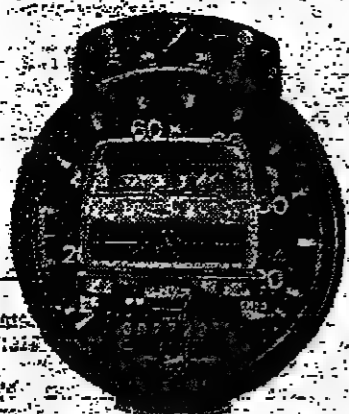
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The Electricity Council, England and Wales.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Germany's 'spy in the cab' still having UK translation problems

BY IAN ARGREAVES



MENTION "tachograph" to an EEC transport official and he will sigh knowingly about the transience of British trade unions and the political difficulties the past Labour administration had in being seen to make concessions towards Britain's Common Market partners.

Mention the same subject in the little town of Villingen, Germany, on the edge of the Black Forest and a few minutes drive from the Swiss border, and the response would be one of incredulity that the tachograph could even be considered controversial.

Villingen is the home of the tachograph. It was there in the 1920s that a young clock-maker, Herbert Kienzle, began to diversify into vehicle instrumentation. He started with taximeters, but was soon exploring a range of devices designed to provide management information about the performance of all kinds of machines. In 1929, he invented the tachograph: a device to measure the efficiency of a motor vehicle by recording on a revolving chart information about its speed, length of time driven and, in some later models, engine revolutions and various other sophisticated. It looks

rather like a speedometer and involves a clock mechanism rotating a wax disc on which one or more specially etched signal lines are engraved. This basic device became the foundation of the Kienzle instrument business, which, along with more recent developments in business machines and computers, has produced sales growth of 62 per cent in the past four years. Sales totalled £15,700 (£142m) in 1977-78. Tachographs for lorries and cars still account for 25 per cent of this turnover. The company now entirely dominates the town of Villingen.

In the early years, Kienzle's tachograph business struggled. The motor vehicle was still in its infancy and it was not until individuals accumulated substantial fleets of lorries that the tachograph could play a useful part. In the period, Kienzle did better with a monitoring device for stationary machines — an instrument which is still on the market and which can be seen ticking away alongside every milling machine and lathe in the Kienzle factories.

The war gave Kienzle his decisive breakthrough. Hitler's officers in charge of transport saw that the tachograph could help them control their vehicles both from the point of view

of planned maintenance and scheduling and the performance of drivers.

This chapter of the Kienzle history is one of several which British lorry drivers have seized on in the past five years in their fight to resist the tachograph. The reason this argument arose was that in 1970 and 1973 the EEC adopted regulations making the tachograph compulsory for all heavy lorries. The Commission's objective was to install a recording device which would allow member states to effectively police the Community's new social regulations, harmonising the length of the driving day in the interests of safety and fair competition.

These are the regulations which Britain's road freight industry has been resisting with such vigour. The resistance began with a lorry drivers' campaign against the "spy in the cab," but was eventually supported by the employers too who argued that the tachograph was a costly accessory whose use in domestic haulage should be left to the discretion of the individual employer.

Mr. William Rodgers, Transport Secretary in the Labour Government, felt simply that the tachograph issue was too tedious and too trivial to risk a major breach with the Transport and General Workers Union. So his officials were instructed to negotiate the maximum possible concessions and delays over the new driving hours law and to simply go on saying "no" to the tachograph.

Eventually, a reluctant Commission had no alternative but to take Britain before the European Court for breach of the regulations. In April, the court found Britain guilty and Mr. Rodgers announced that steps would be taken to implement the law. One of the first acts of Mr. Norman Fowler, the present Transport Minister, was to initiate consultations with industry on the most desirable timetable for introducing the tachograph.

Union reaction to these developments remains uncertain. Officially, both lorry drivers' unions remain implacably opposed to the instrument,

but with the writing now on the legal wall, it would be surprising if they did not switch their emphasis to bargaining for the highest possible price for their adoption of the tachograph. The employers' organisations remain unenthusiastic but are resigned to living with the instrument some time in the future.

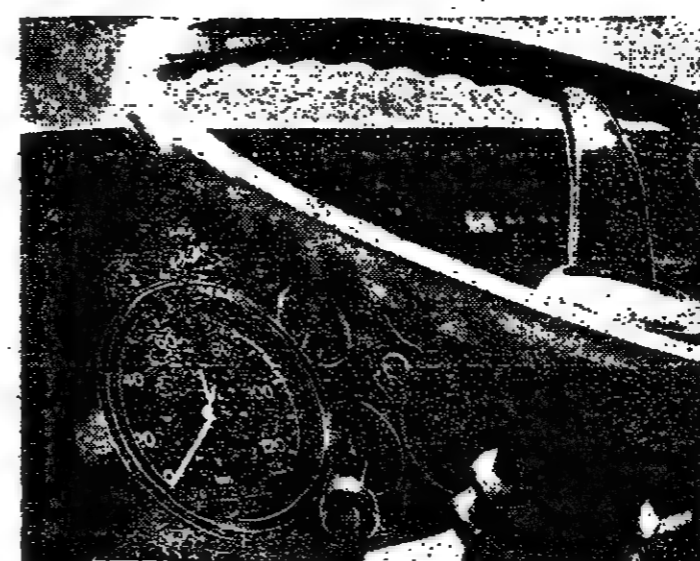
The end may, therefore, be in sight for Britain's most notorious snare: a Euro-tax. Difference: a view about the usefulness of the tachograph once installed will constitute the next chapter of the debate.

That debate falls into two sections, the public interest issues and questions of industrial and commercial efficiency. Under the first heading are two points: is the tachograph a satisfactory means of measuring a driver's working hours than log book and will the instrument contribute to road safety? Under the second, the questions are more complex, but can be summarised thus: will the tachograph tell a transport manager anything he does not already know?

The answers will no doubt continue to argue that there is a third, sea-for-consideration: the liberty and right to be trusted of the lorry driver, even though everyone agrees this freedom is sometimes abused. Insofar as this relates to the use of the tachograph as a legally required recording device, the argument is simple. The tachograph will provide only the same information as the log book, but it will provide it more authoritatively.

As for the instrument's use as a management control, it will be up to the unions at local level to negotiate on the degree of information they will allow to be fed into and extracted from the tachograph over and above the legal requirements and indeed on the type of tachograph to be fitted.

There can be no doubt that the tachograph is a more satisfactory recording system than the log book. It is easier for the driver, less open to abuse and, with a little training, just as easy to decode. A manual reading of a tachograph disc to



The driver's view of the tachograph—as now fitted to 100,000 UK lorries

check running hours and rest periods takes a couple of minutes.

The safety issue is less clear-cut. The British unions argue that West Germany's road safety record is no better than Britain's in spite of the fact that the tachograph has been widespread there since the 1950s. They don't believe a driver will operate with greater care because of the "silent witness" in his dashboard.

Against this, Kienzle, which has supplied well over half of the 2m tachographs operational throughout the world, has a long record of accident evaluation using the tachograph, whose evidence is now accepted by German courts as superior to that of an eye-witness. Where the tachograph record and that of a bystander conflict, it has to be proved in court that the tachograph was not functioning correctly.

One genuine and major problem with the tachograph's accident evaluation role is that the instrument is not standardised and nor are the wax disc accessories. Kienzle says its own instruments can be rendered almost useless by the (perfectly legal, even in the EEC) fitting of cheap discs.

Likewise, Kienzle technicians can interpret only their own discs.

But the most important issue remains the one which was on Herbert Kienzle's mind when he devised the tachograph: how to get the maximum performance from a lorry.

It is possible to argue, and many UK fleet operators do so, that they cannot learn anything from the tachograph. They already monitor their vehicles' fuel consumption, maintenance patterns and delivery schedules so carefully that their patterns of operation are as good as they reasonably can be.

The tachograph manufacturers' counter-argument is that the same information can be supplied more accurately and read out more quickly using the tachograph and that the flow of information is constant. There is no question of having to take decisions on the basis of sampling.

The most sophisticated type of tachograph (inside the Kienzle museum there are several hundred tachograph types) is capable of telling the lorry owner the periods for which the vehicle was driven, whether the non-driving time was for customer delivery, rest or other cause, the engine revo-

lutions during driving and the record of speed.

Such an instrument would cost £170, with another £80 to £100 for installation. If the big fleet operator (over 80 vehicles) were also prepared to invest £20,000 in a Kienzle processor, he would get a computer print out comparing the performance of all his vehicles each day. This machine is only compatible with the more advanced automatic tachograph. With a fleet that size the total investment in tachograph and computer would represent the cost of a whole new lorry. The use to which information is put varies.

Most threatening from the viewpoint of a driver is the employer's ability to reduce overtime by cutting wasted time with a particular customer (or to tell that customer that if turnaround time cannot be improved, he will have to pay a premium) and at the same time enable the fleet to be kept as small as possible.

A study of the engine revolution pattern, along with speed, will tell an employer which of his drivers is hammering his vehicles. The historical record of a given vehicle's non-productive time will also highlight any vehicle which ought to be sold.

At the simplest level, the tachograph will tell an employer quickly how many hours his men have worked and can be used as the basis for wage calculations. Even this, however, is the source of alarm in the UK where most lorry drivers' pay is based upon working "notional" rather than actual hours.

Employers who are convinced by the tachograph point to cost savings in wages, fuel, tyres, unproductive use of non-transport equipment and fewer accidents (because of ability to enforce a company speed limit). Whether the British will buy these arguments remains to be seen.

It is a matter of some importance to Kienzle, half of whose tachographs are exported. The company regards Britain as potentially its largest market outside Germany and has formed a joint sales company with Lucas (Lucas-Kienzle) to market its goods in this country.

Of the 500,000 trucks on Britain's roads, probably around one in five already have tachographs because they are now fitted as standard on all European lorries, so there is a big retrofitting market in the next few years and an even more important market in selling equipment to the vehicle manufacturers.

Lucas-Kienzle dominates the UK market as Kienzle does the European, but it has tough competition from Smiths, which is also active elsewhere in Europe in a consortium, and from the U.S.-owned Veeder Root company. The British Government, in authorising tachograph fitting and calibration centres (places where the tachographs are legally sealed for use as an EEC-authorised recording device), has divided the licences equally among the three manufacturers.

For Kienzle, it is vital to win not just the grudging acceptance of UK fleet managers for their tachographs, but a willingness to explore new developments in read-out systems and other improvements. Like many fine engineering companies, Kienzle has developed from a single invention and knows it can only compete in the future by keeping ahead in technology. Every deutschemark advance in sales is to be matched in the next five years by a deutschemark increase in research and development spending.

At present, the instruments division (covering petrol pump computers, tachographs, stationary machinery monitoring, parking meters and taximeters—most of London's cabs have Kienzle meters) accounts for 48 per cent of total turnover. The rest is in minicomputers, where the company has a particularly strong hold on the bank terminal market.

At Kienzle there is a lingering bewilderment at the British attitude. In spite of the careful public relations and information-gathering work the company has done in Britain, the bewilderment is understandable in a country where trade unionists have actively campaigned for wider use of the tachograph.

Kienzle still has a lot of work to do in persuading the British that they are offering an ally rather than a spy for the lorry driver's cab.

Company Secretary's Review

IN TODAY'S ISSUE

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Safety representation in practice

Finance Bill Memorandum

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BY OUR LEGAL STAFF

Claim for negligence

A bank gives a favourable financial reference for a customer (i.e., as good for a rent of £1,000 p.a.) at a time when it is in fact pressing the customer to discharge a debt to the bank because it can perceive him to be insolvent. The recipient of the reference in consequence lets a house to X and suffers loss of rent. Unfortunately following Hedley Byrne and Co. v. Hillier and Partners Ltd. (1964) it appears to be necessary in such cases, in order to recover damages from the bank, to prove that the bank was not merely negligent but in fact fraudulent in giving the reference. It would be difficult to prove a fraudulent intent since it does not seem that to assist the customer in obtaining a roof could be expected to assist the bank to recover its debt and there is thus no apparent motive. On the other hand, such a degree of mere negligence appears incredible. The case quoted seems in fact to have created a remarkable injustice. Can your Legal Correspondent see any way round this?

The case of Hedley Byrne & Co. Ltd. v. Hillier and Partners Ltd., to which you refer decided the opposite of what you state, namely that a claim in negligence does lie for a negligent misstatement: fraud need not be proved. However banks normally only give their references under a disclaimer of responsibility for the statements made. If that was done in your case it will not be possible to recover damages unless you can prove fraud.

Dismissal procedure

Could you please explain the procedure an employer must follow in order to dismiss an employee of less than six months' standing and what might be the grounds for appeal the employee might have? There is no special procedure: notice should be given in accordance with the terms of the contract of employment, or if there are no express provisions as to notice of termination, one week's notice must be given if the employment exceeded 13 weeks. There is no appeal against dismissal as such.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries still be answered by post as soon as possible.



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"A better way to build"

THE ARTS

Television

Those summertime blues by CHRIS DUNKLEY

Those of us who watch television every day during the summer months might be forgiven for imagining that the majority of the audience regards the box as more as the weather than as a source of entertainment. There would seem to be the only excuse for the remarkable quantities of "lumpy" old rubbish which the broadcasters dish up in the summer.

And indeed that is precisely the reason which is usually offered if you ask a television executive why the excellent programmes which leave the winter schedules disappear round about May to leave us with a flat and soggy pudding of programmes to last until the autumn. "It's the weather again," they say, delivering the rhetorical question in a tone which implies surprise at your ignorance, total satisfaction with their own reasoning, and complete unawareness that their policies could be one of the causes of the silly season.

Yet if you look at the audience ratings what do you find? That for the dark night of February the BBC claims a top audience figure of 20m (for *The Two Ronnies*), whereas the top figure for July is 17m—not exactly a declaration of the audience.

Furthermore that 17m in the summer was for *Top Gear*, which also came second in the winter with an audience of 15m, so comparing like with like it seems that the BBC loses about 5 per cent of its audience in the summer. Which hardly seems proper justification for switching to a diet of bubble and squeak with very little squalor.

Comparing the same two months for commercial television (July 1978 and February 1979) you find that there is a 10 per cent increase in the audience for the summer months. The winter months was 18.3m for *This is Your Life*, whereas July's biggest was 19.3m for *Life Begins at 40*. And if you again compare like with like you find that *Coronation Street* managed an audience of 18.3m in February, whereas the best it could do in July was 13.2m—a reduction of 24 per cent.

Even assuming a summer reduction of 25 per cent however, we are still talking about audiences of 10m to 15m—enough to fill Wembley stadium up to 120 times—an audience which



Billy Hartman watched by Lulu, Alvin Stardust and Les Gray in "Oh Boy".

you are I or the London Palladium would consider quite a healthy-sized crowd. The idea that "people just don't watch television in the middle of summer" is bald rubbish.

Yet what do we get? Take last Saturday night, starting at about seven o'clock. BBC1 offered a repeat of an old Elvis Presley movie, followed by *The Lennie and Jerry Show* (which did contain a few treats on film, but also looked desperately amateurish much of the time) followed by a dreadful American import called *Sword of Justice*, then the news, followed by another repeat (admittedly of one of the best series ever made, *The Voyage of Charles Darwin*) and finally another package of twaddle called *The Quest*, which was not only an American import but yet another repeat.

The American import *Police Woman*, the news, a repeat of Granada's outstanding dramatization of *Hard Times* and then *The George Hamilton IV* which was not billed as a repeat but certainly seemed like one.

By this stage, if they happened to be reading this article, Cliff Morgan, Slim Wilkinson and Alan Hart would probably all be clenching their teeth and muttering "What about Wimbledon?" the ITV programme controllers would be streaming gently and wanting to know why the new series *Kidnapped*, *Spearhead*, and *Thundercloud* were being ignored; and Humphrey Burton would be murmuring with disarming mildness "As yes, but on Sunday night you could have seen 24 hours of the *Kirby Ballet*" which in his view, no doubt, would justify a week's licence fee all on its own.

Perhaps that is right. Certainly the ballet was a most dramatic and exciting production, suffering from practically none of the idiosyncrasies which often bedevil the televising of dance, and certainly very few of us could hope ever to get to Leninrad to see a live performance. And there is, indeed, some new material on ITV, among which Southern TV's *Spearhead* about the British Army stands out as an exceptionally good example of what is often a weak link in British television's chain: the contemporary drama series.

What's more it must be said that the BBC sports department did its usual flawless job on Wimbledon with that technical expertise which tends to be hidden every year behind the pock-marked, thirteen-for-fourteen, Oh-I-say-in-the-foreground, though one does remember the BBC's vision of a tennis match from anyone else.

Moreover the BBC schedules which tend at any time of the year to the natural choice for the thinking viewer, stand out by contrast even more noticeably in the summer, as the Saturday night example above surely demonstrates.

Furthermore there were a couple of programmes last week which it would have been a pity to miss. Tonight died in a blaze of glory, reflecting great credit on reporter David Lomax, editor Roger Bolton and BBC director-general Ian Trethowan who backed them up when they acquired an eye-opening interview with a member of the INLA who confessed to having murdered Airey Neave. It was a frightening occasion, not just because of the terrorist's homicidal lusts but because of the shocking stupidity and ignorance underlying them. The public needs just such elucidation and the Fourth Estate is the only provider.

There was, too, John Elliott's *Dear Harriet* in BBC Bristol's filmed "Turning Year Tales" which, although it sometimes looked remarkably like one of those middle-aged, middle of the mind plays at which Anglia TV excels, proved ultimately to have much of the charm of a good short story.

There is also a little group in which efforts are at least being made even if they don't meet with complete success: BBC1's *Our Man in Lusak* was an example. Its intention in looking at the work of the British High Commission was admirable enough, but it lacked the seamless smoothness which you must achieve nowadays if you are to get away with such an old-fashioned format at this age of lightweight electronics and fly-on-the-wall filming.

The first of *The Woodbridge* series on BBC2, devoted to the Pamplona fiesta and last year's riots, proved that when you have a man who is as brilliantly expressive with words as is Ian Woodbridge, you do not necessarily improve the quality of his communication by adding moving pictures and you may actually degrade it. *ATV's Oh Boy!* proved that as with clothing fashions so with programmes: if you miss a revival bandwagon by even the smallest of margins you look even sillier than if you have never tried to climb aboard.

In the end, after bending over backwards to be fair and adding all the handiwork of mitigation together, however, you have to admit that they amount to almost nothing when compared to the excellence of the television shows which are being shown in the summer. The *Dukes of Hazard*, *Salope 17* and so on. And on. And on. Roll on October.

Royal Court

Reggae Britannia

by B. A. YOUNG

"I could no more understand a play like this," James Agate once said, "than my cat could understand Euclid." I could no more enjoy reggae music—loud, hard, monotonous and political—than my cat could enjoy the Communist Manifesto, but I am a more conscientious critic than James Agate. Reggae is the voice of the Rastafarians and they are not a negligible element in our, nor Jamaica's, black society. The programme should have had a note on the beliefs, and the language, of the Rastas. I was lucky enough to meet someone in the interval who gave me a crash course.

There are two long spells of reggae during the evening, composed and played, through an immense battery of speakers, by William Vanderpuye (Tony), Ram John Holder (Israle) and Barry Ford (The Lord), with James Coyle (Mike) as a white guitarist and Debby Bishop a stunning black girl singer.

Between them, Leigh Jackson has written a simple but interesting play about the troubles of a committed Rastafarian in a society with some of his own mates against him.

The Rasta Puritan is Elroy James, a schoolboy in his last year at a North London comprehensive. Kelvin Omond, one of the three black actors who kept *Saratoga* alive at the Aldwych, plays the boy with the needed quality, to establish his single-minded simplicity but to make something interesting out of it. Elroy has organised a reggae evening at his school, the one practical thing he seems ever to have done. But in spite of the help of a friendly teacher (sympathetically played by Janet Dale), the evening begins with such opposition on the part of the school caretaker that it soon develops into a riot. The caretaker (Brian Hayes) resents things being done for blacks when he feels enough wasn't done for his own son, and he delays the opening of the doors

long enough to get a brick in his face through the window. So an ambulance, so the police, so a riot.

What leads to Elroy's last tearful, bloody appearance, mostly ably played, is not the riot, however. He has been mobbed by his own mates because the reggae was of the wrong quality, "white reggae." "They think you're a black honky," he tells the leader of the group. Moreover, in a way they are right, for Tony, the leader, believes that it isn't enough to sing only for Jamaicans, but to involve others.

In his modest way, Elroy is today's equivalent of the Christian saints, sacrificed for his unshakable belief in his creed. His is the only part that is not taken from stock, even if the stock is more comprehensive than it used to be in Pinner's day, but the characters are sharply drawn and admirably played, and Keith Washington's direction keeps things lively and truthful.

St. Bartholomew-the-Great, Smithfield

Anglo-American by NICHOLAS KENYON

An evening of Very Lovely Sounds (plus a small pay-off joke) at St. Bartholomew's, as the second Festival of 20th-Century Music directed by Andrew Morris launches its week of concerts. Already there has been an organ recital, a harp recital (which began the series of Berlioz's Sequenzas, all of which will be heard in the Festival) and a lunchtime concert with premieres of works by Roger Redgate and Peter Wiegold.

Monday evening's offering was a conflation of English and American music: at the centre was the work Nicola Lefanu wrote while in Boston, *The Same Day Dawns* (an atmospheric setting of exotic verses, trailing clouds of nice sonorities, but with little that was solid at its heart). At the start came Nareh Sahal's *Heard*, sounding busy and over-complicated, always attractive to hear but somehow impossible to listen to, and Alexander Goehr's *Monteverdi Paraphrase*, rather dry and brittle in an uninspiring performance. And Mario Davidovsky's *Synchronism I*, a sensation

in 1961 which has worn badly.

But the evening's main interest lay in a chance to hear two works by the youngish American composer Barbara Kolb, an ex-clarinetist with a formidable list of awards behind her, yet with a freshness and directness and gentle exuberance in her music which contradicts the idea of a "prize" composer. Homage to Keith Jarrett and Gary Burton is a whimsical, fluttering essay for flute and vibraphone (Ingrid Cullford and James Wood) echoing a few ideas of these famous jazz improvisers; brisk in-tempo duet sections alternate with nicely imagined pairs of duets, in which both players contribute to a strict framework and also provide dreamy passing comments. The effect is relaxed, affectionate, nearly twice but not quite.

Three Place Settings (from New England?) at the end of the concert was a short, skittish send-up of American views of food: one indulgent ("for dessert... one soul with a lovely face"), one technical ("lard the carcass with bacon,

stuff with turkey forcemeat...") and one couldn't-care-less ("in change, out food, turn handle..."). It might have been a musical dog's dinner, but Kolb caught the precise mood of the poems, the infection of each line; and she provided music for the small ensemble which was a real part of the setting, not mere accompaniment to the spoken narration.

There is a recording of this piece (on Deste DC7143, from Discurio in Shepherd Market) along with the flute piece *Figments* and the excited Mallarmé settings *Chansons Bas*—there Julius Eastman does the narration with dapper charm. Karen Jensen went in for a more sickly style, like the ghastly girl from Altmann's *Three Women*, curiously mixed in its Canadian-English accents, nicely cool but not quite reflecting the music's mood in such pregnant phrases as "sarnish with watercress" (vibraphone chords, ppp double bass harmonic). For the rest, moderately confident performances by Lontano, directed by Odaline de la Martinez.

Sadler's Wells

Rambert Ballets

The week brings five works new to London in the Rambert repertory, no mean achievement. On Monday Jaap Tilly and Micha Bergese provided the novelties, both reporting from the more uncompromising shores of Modern Dance. Flier's *Echo!* is a sandwich, but one which reverses the usual order of things by putting the bread in the middle. This amounts to a series of solos for eight girls which offer little cells of movement, walks, rather unentertaining twists and turns, with dynamic ideas passed from one to the other. The accompaniment, which sets a macabre precedent, is a Vivaldi *Sinfonia* played backwards on a tape-recording. It still sounds like Vivaldi, but is also more aural wall-paper.

Much more to the point the other sections to Lukas Foss' *Echo II*: an opening by Ann Dickel and Mark Wright, and a very strong final development of some of the same ideas for Yair Vardi and Thomas Yang. This last I found most impressive, with an intense muscular texture that results from the juxtaposition of two very positive physiques. The dancers are, bad sign, dressed in adaptation of practice dress and track suits, a fashion with which I am becoming increasingly disenchanted—it is a dated artifice, and also a cliché.

Micha Bergese has a taste for giving us dance works that tease the eye and pose, I suspect, a good many more questions than they are prepared to answer. His new changes is a solo for Michael Ho, set to Dominic Muldowney's violin study "One from Arcady." The décor is some gnawed-looking netting, and a sheet of plastic with an opening shaped like a huge figure 1. Michael Ho is in white parachute-like kit complete with harness. His dances combine slow poses, marionette drooping, and sudden bursts of activity in which his exceptional speed and the sound classic basis of his dancing are well used. It is entirely puzzling, but gripping, most particularly because of Ho's very focused presence, and his total absorption in the choreography. A dancer of delicate musculature, quick responses, he invests the piece with an oddly satisfying logic.

The rest of the evening comprised two repertory works. Glen Tetley's tribute to Dame Marie, was *Proeludium*, was given with brooding intensity by Lucy Burge, Christopher Bruce and their companions, and the entire company then joined them in Lindsay Kemp's *The Parades Gone By*. This is a hectic, unbridled romp about a haunted film studio in which a great deal of energy is expended by everyone. I think it a revue sketch with ideas vastly above its station, but it would be a stony face that could not grin at Sally Owen as the orphan of the storm, complete with crutches, white ballet shoes, and virtue unsmirched.

CLEMENT CRISP

Florence

A re-discovered Leonardo

Among the neglected composers to whom musicologists have turned their attention in recent years, one of the most interesting is certainly Leonardo Vinci. The distinguished Italian scholar Francesco De Simone considers Vinci an unquestioned great composer and ranks him higher than his near-contemporary Pergolesi. Like Pergolesi, Vinci was active in Naples and died young, after a heady taste of success.

We know that Vinci died in 1720. He may have been born in 1690 (according to one of his two death certificates he was 40 when he died) or in 1696 (the other certificate gives his age as 34). He may have died from drinking a cup of poisoned chocolate, prepared for him by a jealous husband. He certainly died poor: his burial expenses were paid by a friend.

Vinci was a prolific composer, but only a few of his works survive. Among these is the comic opera *Li zite ngalera*, libretto by Bernardo Saddingumena, first performed at the Teatro del Fiorentino in Naples in 1722. Degradà has declared this opera superior to Pergolesi's still-popular *Li sergi padroni* (1733), and on the basis of the current revival of the Vinci work at the Teatro della Pergola, in Florence, one finds it easy to agree with Degradà.

The plot is complex and not, in itself, important: everyone loves someone else, usually in inappropriate choice; the heroine is disguised as a young man; in the coastal town of Vietri, south of Naples, she encounters a teacher's lover

and, even more providentially, her sea-captain father. The father has captured a Turkish vessel, so there are some exotic slaves to enliven the final act.

The score of *Li zite ngalera* (which means "The newlyweds on shipboard," a reference to the document) was prepared for this Maggio musicale termite performance by Roberto De Simone, a singular figure in Italian musicology and in the Italian theatre. A few years ago, shortly after completing his conservatory studies in Naples, De Simone organised, with some young friends of similar background, a group called the Nuova Compagnia di canto popolare, which performed traditional (and often hilarious) Neapolitan texts with scrupulous fidelity, admirable musicianship, infectious verve, and total success.

De Simone's revision of Vinci's opera, then, was not made at a desk but in effect, on stage. Needless to say, the score presented endless problems, the first being the familiar question of what to do about music written for tessitura. Not all of De Simone's solutions have proved happy, tested against a live public. For example, the part of Carlo, originally sung by a soprano, is—in the De Simone version—acted (and partly sung) by a counter-tenor; but much of Carlo's music is sung by two sopranos (one "elegant," the other "dramatic"), who also appear on stage, in elaborate 18th-century costumes, with pages and a mime-attendant. Presumably this scheme was meant to make the

performance more agile; instead, it becomes heavy, confusing. The omnipresent mime—not, presumably, in the original Horetto—supplies that superfluous, camp ingredients which now seem obligatory in all stagings of operas of this period. De Simone should have invented something else (or nothing).

The set is a baroque hall with a stage. The hall is solemn, even grim; the stage is a burst of Mediterranean sunshine. And if the prancing of the exuberant sopranos and the miming of the mime are tiresome, the antics of the actors on the smaller stage are delightful. The text is in wry Neapolitan dialect; many of the characters are humble in social stature but grand in personality (especially an amorous barber, sung by Gennaro De Sica, and a shrewd monk, Gennarino Palumbo). Outstanding is the widow Meneca, played by the resourceful actor Giuseppe Barra.

Just as the production mixes actors and singers, so Vinci's score mixes high-flown da capo arias and popular songs with bold charm. Inevitably, the comedy fares better than the seriousness, thanks to the likely cast, which includes Maurizio Paolino, boy-soprano, as the barber's apprentice, and Adriana Martins, a soprano who acts as well as she sings, as the much-loved Balluccia, disguised in male garb.

Even with its lapses, De Simone's version of *Li zite ngalera* is immensely enjoyable.

WILLIAM WEAVER



Gennarino Palumbo, Giuseppe Barra and Gennaro De Sica in 'Li zite ngalera'

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Wednesday July 11 1979

A last effort on Rhodesia

THE CARRINGTON initiative on Rhodesia was formally launched in the House of Lords yesterday afternoon. It has all the air of a make or break last try. Lord Carrington is clearly going to attempt between now and November to "bring Rhodesia to legal independence in such a way as to win the widest possible international acceptance."

Both in style and in content, the Carrington initiative is fundamentally different from the Anglo-American plan that preceded it. This time, Lord Carrington is consciously putting his own and Britain's reputation on the line. Rhodesia is both Britain's moral and constitutional responsibility, he said yesterday.

Fundamental changes

The starting point of the Carrington initiative is the Rhodesian elections in April. These represented a "fundamental change" in Rhodesia. Lord Harlech reported "an encouraging recognition that major changes had taken place" among African leaders. But he also reported "a certain lack of Rhodesian constitution, in particular of the blocking power given to the white minority over a very wide range of legislation; and of the character of the public service commissions." This last comment is a reference to the entrenched minority forces that guarantee that whites will control the security forces, the judiciary and the public service for some time to come.

The next step is for a period of "consultation," starting later this week when Bishop Muzorewa, Zimbabwe-Rhodesia's Prime Minister, comes to London on his way back from Washington. Bishop Muzorewa is likely to be asked to go back to Rhodesia and do two things. Firstly, he has to prove to a sceptical world that he has the power and the authority to give real leadership to his country. Secondly, and as an extension of the first point, he has to persuade a sufficiently large number of members of the Zimbabwe-Rhodesian Parliament that they must accept changes to the constitution. That is a tall order. Bishop Muzorewa will need the support of a number of white Rhodesian MPs to

bring about a constitutional change that in effect would take away from them many of the safeguards that their electors believe to be vital to their interests.

If the Bishop is seen to be actively engaged in this type of exercise at the time of the Commonwealth Conference, then there is some chance that that meeting can pass off without Britain being isolated. One of the tightrope acts that Lord Carrington has to walk between now and November when the Prime Minister has effectively committed her Government to a non-renewal of sanctions—is that his initiative cannot work unless it receives a measure of international endorsement.

This international support for Britain's constitutional plans when they are eventually revealed is crucial to the Carrington exercise. The United States has already made it plain that it cannot support the Rhodesian constitution as at present written. If the Bishop can deliver a new constitution in Salisbury, then the U.S. can be expected to emerge as a supporter of whatever constitutional plan Lord Carrington unveils later in the summer. But of equal importance is the public backing of other important members of the European Community, and of the non-African members of the Commonwealth.

A settlement

But the key to Rhodesia lies in Africa itself. Not only does the Carrington initiative rely heavily on the person of Bishop Muzorewa who—put it at its lowest—still has to prove himself as a national leader. It implicitly hopes that somehow, somewhere along the line, "moderate" African States, presumably including at least one of the front line States, will accept whatever emerges from the coming process of "consultation," and that a political solution will in turn lead to an end to the fighting.

The most optimistic thing one can say about the latest initiative is that a large number of people in and out of Africa want a settlement of some kind, and that the Carrington initiative is better than no initiative at all. As Lord Carrington put it recently: he could not think of "anything more sensible to do."

Exploiting the North Sea

THE LATEST Government statistics on Britain's offshore oil assets confirm a disquieting trend. Once again they show that previous forecasts of available reserves and annual production rates were over-optimistic.

There is still a very good chance that the country will reach oil self-sufficiency next year, the long-held aim of both Labour and Conservative governments. But only reduced energy consumption—the result of the economic climate and conservation efforts—have made this achievement possible.

Mixed blessings

The Department of Energy's "Brown Book" report on offshore oil and gas indicates that crude oil production from the UK sector of the North Sea will reach only 85m to 105m tonnes next year and 95m to 115m tonnes in 1981. In each case the output will become 3m tonnes less than forecast last year. Five years ago it was forecast 1980 production would reach about 115m tonnes.

There are mixed blessings in this delay. In terms of conservation the oil that is left in the ground will be more valuable next year than it is today. The slower rate of development will also mean that peak production will not now occur until 1983 at the earliest, instead of 1981 as foreseen in the Brown Book of five years ago. It can be argued that this postponed production will allow energy planners more time to formulate new, comprehensive supply and consumption patterns. It may be that the Conservatives will devise a policy that will flatten this bulge and keep production in line with demand for as long as possible.

On the other hand, valuable income is being lost this year, both to the national budget and to the oil companies, some of which are anxious to reinvest in further exploration and development.

There is no simple reason for the slower-than-expected development. Delays in the construction of offshore equipment have been an important factor although they have not always been the suppliers' fault. Oil companies, operating at the frontiers of technology, were noted for constantly changing the design of equipment, particularly during the early years of North Sea exploration. In recent years they have tended to evaluate their plans more carefully, a process which has largely eliminated costly design changes but one which has been time-consuming in itself. Offshore operators have also complained of the uncertainties created by changing Government policies: by higher tax levels, tighter regulations and, until recently, greater involvement of the British National Oil Corporation.

Oil companies have campaigned for less state intervention and more Government encouragement for free-enterprise activity in the North Sea. In an important report to the Energy Commission last October the UK Offshore Operators Association called on the Government to formulate confidence-inspiring policies which were needed to "provide the mammoth effort required to fully develop the potential resources of the UK Continental Shelf."

Disturbing

The Association also pointed out that in order to find and provide adequate amounts of new oil for the 1990s companies would be required to operate an average of 12 to 19 exploration rigs continuously over the next nine years. In this context, it is disturbing to find that now, right in the middle of the fine "weather window" companies are drilling no more than five exploration wells.

While in opposition, the Conservative Party supported the industry call for greater Government encouragement and fewer restrictions on offshore companies. Yesterday Mr. David Howell, the new Energy Secretary virtually dissociated himself from the latest Brown Book. "It was prepared under the previous Administration"—and urged the oil industry to step up the pace of offshore drilling.

But that is not enough. So far the Conservative Administration has done no more than tinker with some of the more controversial powers of British National Oil Corporation (and confirmed the higher tax levels favoured by its predecessor). It is important that the Government's review of ENOC's future role should be completed speedily for what the offshore industry wants more than anything—particularly in this period of energy turmoil—is confidence in a stable and clearly-defined oil policy.

An end to the myths of land ownership

BY CHRISTINE MOIR and CHRISTOPHER PARKES

THE NORTHFIELD Committee's report on agricultural land ownership, published yesterday, serves a useful purpose in dispelling several myths which have haunted British farming and distracted the industry's policy makers for the past 10 years and more. This is so in spite of the fact that its impact is diffused by wide differences of opinion among its contributors and its consequent lack of sharp focus.

Two years ago, when the report was commissioned by Mr. John Silkin, former Minister of Agriculture, farmers had convinced themselves that their birthright was being taken over by rich foreigners and by those sinister, bowler-hatted bogymen, the financial institutions. It was widely believed that land prices were soaring because of these incursions and that the traditional patterns of land ownership were being disrupted at a result.

Northfield effectively lays to rest the spectre of the bogymen from the City and highlights the almost insignificant part overseas buyers have been playing in the farmland market.

As work on the report progressed considerable evidence emerged that traditional farmers themselves were doing more than anyone to fuel the rapid rise in land prices. The authors cite a study by Strutt and Parker, a leading agent, which showed that in the past two years 60 per cent of the farms it handled were bought by neighbouring farmers "anxious to increase the size and viability of their existing enterprises."

These buyers rationalised the high prices they paid by taking the view that the extra acres were cheaper than the price would imply because the cost of servicing them could be spread over the whole of an enlarged holding, more of which may have been bought at low cost or else inherited.

For some months before the publication of the report, fund managers in the City had become increasingly confident that Lord Northfield would not recommend major restrictions on their investment in agricultural land. However, there must still have been relief in seeing such a wholehearted imprimatur on their activities as appears on page 10.

"We see no case for restricting their activities on the grounds that they force up land prices," the committee announces, going on to say that the institutions are not likely to be bad landlords, and are not "primarily responsible" for high land prices.

Given such a conclusion it is no surprise that the remainder of the chapters concerning the institutions contain no specific recommendations for Government intervention, and voice concern about the role of the new farm owners only in two areas.

The committee's investigations revealed a significant increase during 1978 of purchases of vacant possession land which the institutions intend to farm themselves rather than to let. During the last six months of the year, for instance, 31 per cent of the deals done by pension funds involved such land and 37 per cent of insurance company purchases in the same year were specifically earmarked for farming-in-hand or in partnership.

The committee holds firmly that the role of the institutions in agriculture ought to be as long term investors in let land and not as farmers. It is also concerned about further contractions in the let land market.

A minority of the committee sought a solution in restricting the amount of land which could be farmed-in-hand—Mr. Watson Peat and Mr. Oscar Colburn in the minority report suggest a limit of 2,000 acres—but this was finally rejected.

Instead of compulsory restriction, which the committee believes would drive the institutions out of the market altogether, immediate talks are recommended aimed at setting guidelines for all agricultural landlords.

The committee wants to see "general acceptance that letting land is where the institution's primary interest lies, with an understanding on the principles to be followed as regards the amount of in-hand land compared with the amount let."

This would form the backbone of a statement on the social responsibility of the landlord—which the committee believes must lie more heavily on the institutions because of the benefits they derive from their status and some small variations in existing tenurial arrangements.

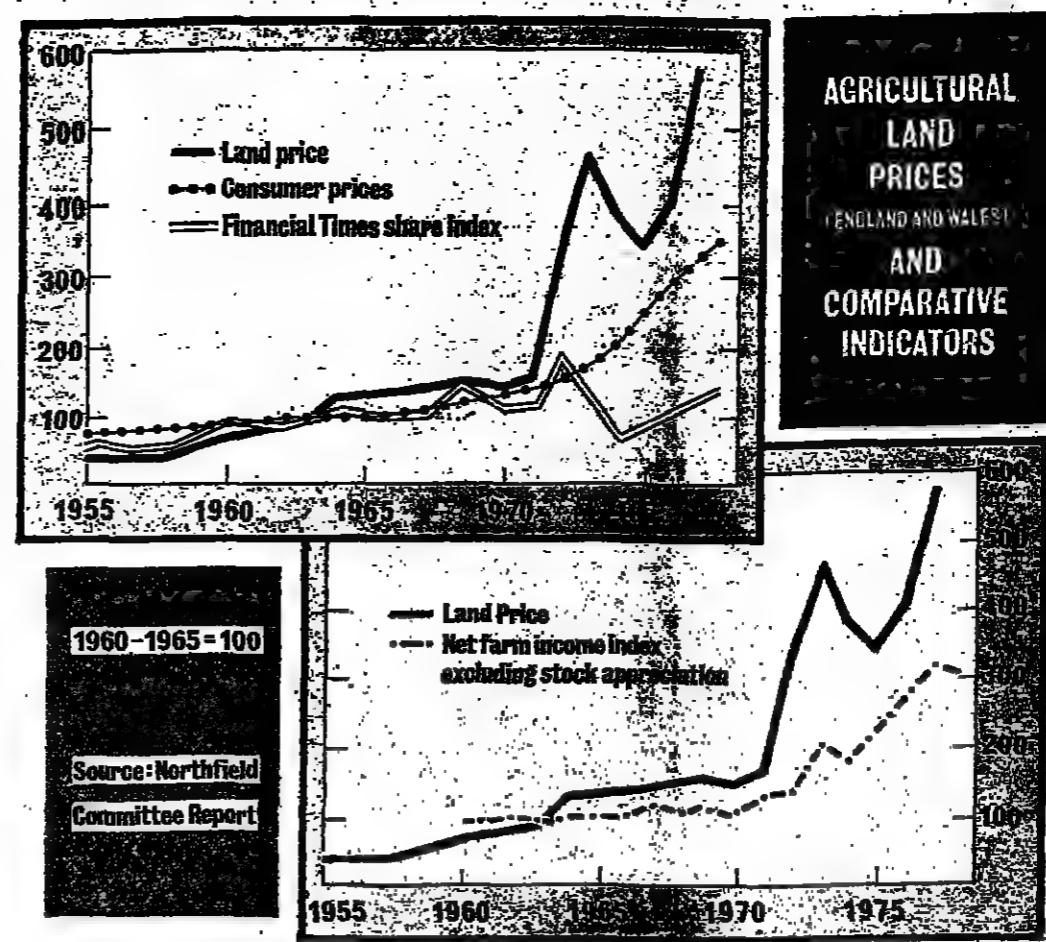
It is not at all clear, however, just what force such guidelines would have; although the committee does recommend that the Minister of Agriculture should oversee observance of them and make an annual report to Parliament.

Clearly the committee has shied away from any fixed principle of how much land should be let and how much self-farmed by landlords—even after two years' thought. This makes it virtually certain that no agreement will ever be reached and that the guideline will remain merely a pious and platitudinous piece of paper.

Institutional truths

Northfield's main contribution to shedding light on an industry beset by myths and prejudices in the absence of facts, is by correlating available information from all the institutions. In so doing the committee has dispelled a particular myth: that the institutions will shortly be the largest owners of agricultural land in the country thereby driving out individual farmers and landlords.

Since 1974, the investigations reveal, the institutions have bought only between 6 to 10 per cent of land coming onto



the market each year in Great Britain. Furthermore, their pre-occupation with the let land market (itself much smaller than the vacant possession market) means that their purchases of vacant land have "rarely" been as much as 5 per cent of that on offer.

Even in the let land market individuals still predominate. In 1977, for instance, institutions bought 28.5 per cent of the let land sold while individuals accounted for 51 per cent.

Overall the pensions funds, insurance companies and unit trusts own only 1.2 per cent of total agricultural land in Great Britain: compared with the 5.9 per cent in the hands of Government departments, local authorities and nationalised industries.

Even on the highest assumptions of future levels of purchases, the committee estimates that ownership of agricultural land by the institutions would not exceed 11 per cent by the year 2020. And the likelihood is that the real figure will be much lower.

Nor does the committee believe that the institutions seriously affect land prices, although the minority report is concerned that rents on institutional land are higher than on other let farms. With the increasing predominance of the institutions in this market, together with the contraction of the market in any case as let farms are bought in, the committee is worried that the market will become too small and that the private landlord could be squeezed out.

In order to maintain even a 20/80 per cent split between let and vacant land, "substantial" and "realistic" tax reliefs should be given to private landlords, the committee believes, although the report admits a marked lack of unanimity over the actual measures.

Finally the members settled on a minimum package beginning with a recommendation for a Government study of the impact of Capital Transfer Tax on the ownership of farmland, and the introduction of a system of indexing CGT and Capital Gains Tax liabilities to take account of inflation and its effect on base values.

This recommendation, as far as it goes, has already been welcomed by the farming community, but it seems unlikely to lead to any positive Government action in the absence of an overall review of capital taxation and the effect of inflation in all sectors.

The strength of the recommendation is further diluted by the committee's hopeless lack of consensus over other aspects of these taxes. A "majority" recommends deferment of CGT for lifetime transfers of let land within a family; "some" would like to see interest relief on CGT incurred on let land extended for the same period as vacant land; and a "minority" want CGT deferred where a property is sold and the proceeds reinvested in improving let land.

More promising is the plea for private landlords to be allowed to set off their management expenses on letting farms against their earned income. This is something which Government might well consider, particularly as the committee has avoided a more sensitive

tax issue by refusing to recommend that agricultural rents be treated as earned income.

Lord Northfield said yesterday that such tax measures and other methods were needed to maintain a significant role for landlords and tenanted farms. Without them, he suggested, owner-occupiers could take over as much as 90 per cent of the land in Britain, leading to "fossilisation." He felt the Government should stand firmly committed to retaining "strong and vigorous" tenanted sector which is vital for the future resilience of the agricultural industry.

Expensive enterprise

Tenancies provide opportunities for farmers moving up the ladder from the lower ranges, and the committee takes the traditionalist view that as many potential openings as possible should be maintained, in what is now a widely expensive enterprise for a newcomer.

Mr. Silkin was concerned as much about the possibilities for young farmers starting up as about the role of institutions and foreigners. The report stresses the need to maintain a supply of lettable farms, but draws the line at grants and subsidised loans similar to those used elsewhere in the European Community.

Nationalisation of land, a favourite hobby-horse of the Labour Party's national executive, is rejected on "agricultural grounds," but the report says there is a case for limited extension of state holdings which could be split into small

and medium-sized tenancies to give new farmers a start.

The Government could adopt its holdings by, in certain cases, taking land in lieu of tax. It could encourage the formation of more tenancies suitable for beginners by helping large-scale landowners to hand over part of their holdings to the form of charitable trust.

The report also calls for the restoration of the Minister's right to veto sales of small holdings by local authorities and authorities find these holdings, traditionally a useful first step into farming, expensive to run and burdensome to administer. But the committee says that they have to be sold, they should not be absorbed by big farmers but maintained as smaller units, possibly still under public control.

As became apparent while the committee was working, overseas buyers have only a tiny holding in British agriculture at the moment. While land is relatively cheap in this country—generally about a third of the price in Continental Europe—buying interest is opposed to "window shopping" has been strictly limited in recent years by Government policy on farm produce prices.

However, it is now becoming apparent that the new Government has already taken steps to boost returns faster than Labour planned. Inevitably, farms in Britain will become more attractive to overseas buyers by the next five to 10 years, and it makes sense for some monitoring system to be established to keep an eye on their activities.

Evidence of what could happen in Britain is available from Ireland, which has rapidly aligned its farm produce prices with the full "common" levels reigning in the rest of the Community. To howls of protest from the local German farmers have begun to establish themselves in the Republic. But there is also evidence that rather than seek new holdings in Europe, continental producers, growing rich on the highest guaranteed prices in the world, are looking further afield.

Lord Northfield commented that foreign investment was not yet "out of hand," but the avalanche is approaching. In truth there is no justifiable reason why overseas investors should not move into British agriculture in much the same way as they are involved in other industries.

Mr. Peter Walker, the new Minister of Agriculture, now has the task of sifting through the 377-page document and its 137 recommendations. His reactions, as a man who has declared himself devoutly opposed to the appointment of large committees spending years preparing weighty reports which are often out of date before they are printed, will be "interesting enough. But probably the first opportunity to judge the report's influence will come when the Chancellor completes and acts on the study of capital taxation he promised in the Budget.

MEN AND MATTERS

Playing Cassandra on the chip

Pessimistic noises about property send shivers down the spine of many in the City. When the man making the noises controls £2bn of investment, and has a record of making the right decisions, the response is an awkward silence. Just back from Washington and full of enthusiasm about visiting "a paperless office"—and an organisation called the Paperless Office—Hugh Jenkins, investment manager of the National Coal Board Pension Fund, is reluctant to frighten anyone. The NCB, after all, has £650m in property. But increasingly, Jenkins is shying away from investment in office blocks.

The reason, quite simply, is that he believes the silicon chip will revolutionise the way offices work. "I know I'm out on my own," he says. "I'm not saying it's the end of the world for offices. But I think the paperless office is on its way."

He sees the danger of "high exposure to offices" (as the

jargon goes) is the virtual non-recruitment of staff that microfilm, computers, and word-processors imply, even for expanding businesses. Current bullishness about offices he regards as the return of the "fad" of 1973, when many portfolios were more than 50 per cent in offices. This was followed by a fashion for industrial investment, and then for shops. "My comment is that fads are fads," says Jenkins.

As for those people who deride or choose to ignore the whole idea of chips making real differences in the near future, he says simply: "They've got vested interests. Haven't they?"

Target in space

The Englishman who has been executive director-general of the European Organisation for Nuclear Research (CERN) since 1976 is being tipped for another high scientific job on the Continent. Dr. John Adams, former research director of the Atomic Energy Authority at Harwell, is in line to become head of the European Space Agency in Paris.

When I telephoned Adams at the CERN headquarters in Geneva he expressed diplomatic surprise at the suggestion. But Roy Gibson, another Englishman who now is the ESA director-general, confirms that he will be leaving next April. "I have no idea who will be replacing me," he said.

The two men could scarcely be more different in their academic backgrounds. Gibson went to Oxford and the London School of Economics, and spent 10 years as a colonial civil servant before moving into a scientific career. But Adams, whose doctorate is honorary, left school at 17, became a laboratory assistant with Siemens, and learnt his science at night school.

In the 1960s, after two spells with CERN, Adams returned home to become a Harwell soffit and Controller at the Ministry of Technology.

Airport friends

The exiles from France's former colonies in Indochina are mightily confused by the way French politicians welcome those who are permitted to enter the country. Only the Communists, who naturally claim that the refugees are not really refugees at all, have had no truck with the competition to win kudos from the operation.

Main contestants in the race to prove themselves the most popular politicians in the refugee business are President Giscard, his arch-rival Jacques Chirac, and Socialist leader Francois Mitterrand.

When Chirac announced that he would be turning up at Charles de Gaulle airport to welcome 170 refugees who would be looked after by the city of Paris, Giscard went exactly one better, by bringing in a Jumbo-load of 171 refugees. And instead of a mere mayor, they were greeted by a junior minister, Secretary of State for Health Daniel Hoeffel.

It seems originally 128 were due on the plane, but the Elysee issued a last-minute order to squeeze in a few more.

Against the wall

One sign of a more violent style of life has, I gather, offended the sensibilities of Rockcliffe Village, a posher quarter of Ottawa. The newly-purchased residence of the Iraqi ambassador has been surrounded with a high concrete wall topped with spikes which, it is felt, consorts ill with the gentle bonk-bonk of tennis and other sounds of the rich at play. So angry are the neighbours

about what is described locally as "Stalag 17" that they have even got in touch with the Department of External Affairs to do something about it—they are worried, they say, that it may decrease the value of their homes.

Former prime minister John Diefenbaker, who lives four doors away, is more hardline than most. He says Iraq is "showing contempt for the people of Canada," and will be demanding demolition of the offending wall when Parliament meets in October.

Courting the public

With the announcement yesterday that Earl's Court is to be brought up to date at a cost of £2.5m, it is ironic to reflect that the whole building cost only £1.5m when it was completed in 1937. Described at the time as "majestic," it was the largest exhibition centre in the world.

"It is surrounded," said the superlative-filled announcement, "by big open approaches and wide comfortable private roads. Motorists will not suffer delay on arrival or departure." Equally soothing are the references to the "remarkable set of apparatus which washes and heats the atmosphere," eliminating all possibility of fatigue in the confines of this urban paradise.

Objective faith

A reader who spent an evening with a nuclear scientist friend last week noticed a horseshoe hanging on the dining room wall and asked him why he had it there. "To bring me luck," she was told. She expressed surprise that a scientist should believe in such a superstition. "I don't have to," came the reply. "It brings me luck whether I believe in it or not."

SPECIAL ANNOUNCEMENT

FOR PHILATELISTS

"Year of the Child"

Special Stamps

Issue Date

To improve supplies of postage stamps at Post Office counters during the present industrial dispute at the supply depot, the Post Office has decided to advance the issue date for the "Year of the Child" special stamps.

They will now go on sale today instead of July 18th.

Normal first day of issue facilities will also be provided.

The Post Office



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Austrian Quotes

Quotations and Yields of Austrian Eurobonds

ISSUE	COUPON DATES	REPAYMENT	SINKING FUND (STARTING)	PRICE		CURRENT YIELD	CURRENT YIELD TO MATURITY
				BID	ASKED		
D-MARK BONDS							
8% Brenner Autobahn 1968 (G)	12-1-8	1,874-83	1,873	98 1/2	100 1/2	8.75%	8.85%
8% Donaukraftwerke 1968 (G)	12-1-8	1,265-84	—	97 1/2	98	8.14%	8.67%
8% Donaukraftwerke 1973 (G)	1-3	1,373-87	1,12-77	97 1/2	98 1/2	8.59%	7.09%
7% Girozentrale Wien 1978	1-11	1,111-81	—	100 1/2	101 1/2	8.93%	6.52%
7% Girozentrale Wien 1978	1-11	1,111-83	—	101 1/2	101 1/2	7.14%	8.54%
8% IAKW 1973 (S)	1-5	1,550-89	—	103 1/2	103 1/2	8.45%	7.58%
8% Kelag 1973 (S)	1-5	1,573-88	1,27-8	98 1/2	98 1/2	8.58%	8.98%
8% Oester. Druckkraftwerke 1978 (G)	1-3	1,381-88	—	105 1/2	106	8.27%	7.38%
8% Oester. Elektrizitätswirt 1967 (G)	12-1-8	1,375-87	—	100	100 1/2	8.98%	7.08%
7% Rep. Oesterreich 1985	1-4-11-10	1,473-82	1,473	100 1/2	101	6.95%	8.79%
8% Rep. Oesterreich 1988	1-5	1,478-83	1,174	100 1/2	101	6.44%	8.29%
8% Rep. Oesterreich 1978	1-2	1,478-83	—	104 1/2	105	7.04%	7.27%
8% Rep. Oesterreich 1978	1-5	1,478-87	1,277	107 1/2	107 1/2	7.88%	7.27%
8% Rep. Oesterreich 1978	2-5	2,582-86	1,282	104	104 1/2	7.43%	6.96%
8% Rep. Oesterreich 1977	1-4	1,483-85	2,182	101 1/2	101 1/2	6.65%	6.43%
8% Tauernkraftwerke 1968 (G)	1-3-1-8	1,974-83	1,973	99 1/2	99 1/2	6.52%	8.74%
8% Tauernkraftwerke 1968 (G)	1-3-1-8	1,274-83	—	100	101	6.58%	5.54%
7% Tauernautobahn 1974 (G)	1-7	1,781-81	—	104 1/2	104 1/2	9.09%	7.29%
8% Voest 1975	1-10	1,107-78-88	1,678	104	104 1/2	8.15%	7.54%
8% Voest 1973	1-8	1,681-85	—	103 1/2	104	8.19%	7.70%
8% Voest 1977	1-6	1,684-89	—	98 1/2	99	6.84%	8.93%
7% Wien 1968	1-6-11-12	1,674-83	1,673	101 1/2	101 1/2	8.80%	8.56%
8% Wien 1975	1-5	1,678-84	—	103 1/2	104 1/2	7.93%	7.29%
U.S.\$ BONDS							
8% Rep. Austria 1964	11-1-31-7	31,171-84	3,170	97 1/2	98	6.14%	8.67%
8% Rep. Austria 1967	15-3-15-9	15,375-82	15,375	97 1/2	98 1/2	6.91%	7.78%
8% Rep. Austria 1967	1-5	1,575-88	15-87	97 1/2	98	6.14%	8.11%
8% Aust. Electricity 1966 (G)	1-11-17	1,770-86	1,769	98 1/2	99	6.72%	6.98%
8% Aust. Electricity 1967 (G)	1-4-11-10	1,107-82	1,107-80	98 1/2	98	6.94%	7.33%
8% Alpine Montan 1965 (G)	1-5-6	1,567-78-85	1,567	93 1/2	93 1/2	6.15%	7.11%
8% Tauernautobahn 1977 (G)	1-5-3	1,538-87	15,385	93 1/2	93 1/2	8.85%	8.90%
8% Transalpine Fin. Hldg. 1966	1-10	31,170-83	31,175	92 1/2	92 1/2	8.67%	8.77%
8% Transalpine Fin. Hldg. 1967	3-17	31,177-85	31,789	94	95	7.14%	7.91%
8% Transalpine Fin. Hldg. 1967	3-11	31,173-82	31,172	97 1/2	98 1/2	6.97%	7.50%
8% Transalpine Fin. Hldg. 1967	30-4	30,474-83	30,473	96 1/2	97 1/2	6.94%	7.59%
7% Trans-Austria Gasline 1973	1-5-1	15,177-88	15,176	86	87	8.67%	9.58%
DOMESTIC ISSUES							
8% Investitionsanleihe 1973/II/B	22-10	3,776-81 (102)	—	101 1/2	102	7.88%	7.98%
8% Investitionsanleihe 1974/II/B	22-10	22,107-86	—	100	100 1/2	8.45%	8.30%
8% Investitionsanleihe 1975/II/B	22-10	28,107-88 (103)	—	101 1/2	101 1/2	8.53%	8.20%
8% Investitionsanleihe 1975/S/III U.IV	27-11	37,779-88	—	103 1/2	103 1/2	8.23%	8.25%
8% Investitionsanleihe 1976/S/II	20-2	20,231-86 (104)	—	102 1/2	103 1/2	8.23%	8.30%
8% Investitionsanleihe 1976/S/II	2-7	2,783-88	—	99	99 1/2	8.04%	8.10%
8% Investitionsanleihe 1977/S/III/B	2-6	2,682-87	—	99	99 1/2	8.04%	8.08%
8% Investitionsanleihe 1977/II/B	15-9	15,932-88	—	99	99 1/2	8.04%	8.08%
8% Investitionsanleihe 1978/II/C	7-8	7,888	—	99	99 1/2	8.03%	8.07%
7% Investitionsanleihe 1978/5/C	3-10	3,10-86	—	97 1/2	98 1/2	7.91%	8.12%
7% Investitionsanleihe 1978-87/II	13-10	13,10-87	—	95	96	7.47%	7.77%
8% Energieanleihe 1978/C	1-3	1,386	—	99	99 1/2	8.04%	8.09%
8% Wiener Stadtanleihe 1978/B	20-4	20,476-88	—	101 1/2	101 1/2	8.44%	8.25%
8% Wiener Stadtanleihe 1977/B	10-8	10,872-87	—	99 1/2	99 1/2	8.04%	8.08%
8% Wiener Stadtanleihe 1978/1/C	3-5	3,588	—	99	99 1/2	8.04%	8.09%
8% Europäische Investitionsbank 1976	20-10	20,10-86 (100.5)	—	98 1/2	98 1/2	8.10%	8.22%
7% Europäische Investitionsbank 1978	22-12	22,12-86 (100.5)	—	96 1/2	97 1/2	7.97%	8.24%
8% Inter-Am. Entwicklungsbank 1976	17-12	17,12-81-86	—	98 1/2	99 1/2	8.06%	8.12%
8% Tag Finanz Anleihe 1976	15-11	19,11-81-86 (100)	—	98 1/2	98 1/2	8.02%	8.03%
8% Sparkassenanleihe 1977/S/8/C	28-7	28,7-80-83	—	99	99 1/2	8.00%	8.04%
7% Sparkassenanleihe 1978/S/C	4-7	4,786	—	98 1/2	98 1/2	7.87%	8.04%

(R) Purchase for redemption purposes by issuer possible. The bonds so purchased may be used for repayment according to plan. (...) Repayment at a premium. (G) Government Guarantee. (S) Local Government Guarantee. Yield calculations are based on the middle price.

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US DOLLARS - INTERNATIONAL (CONTINUED)										US DOLLARS - DOMESTIC RATE (CONTINUED)										US DOLLARS - INTERNATIONAL (CONTINUED)										US DOLLARS - DOMESTIC RATE (CONTINUED)									
ISSUANCE	COUPON	REDEMPTION	PRICE	YIELD	AMOUNT	REMARKS	ISSUANCE	COUPON	REDEMPTION	PRICE	YIELD	AMOUNT	REMARKS	ISSUANCE	COUPON	REDEMPTION	PRICE	YIELD	AMOUNT	REMARKS	ISSUANCE	COUPON	REDEMPTION	PRICE	YIELD	AMOUNT	REMARKS	ISSUANCE	COUPON	REDEMPTION	PRICE	YIELD	AMOUNT	REMARKS					
1976	5.51	5.51	100	5.51	100	1976	5.51	5.51	100	5.51	100	1976	5.51	5.51	100	5.51	100	5.51	100	1976	5.51	5.51	100	5.51	100	1976	5.51	5.51	100	5.51	100	1976	5.51	5.51	100	5.51			
1977	5.51	5.51	100	5.51	100	1977	5.51	5.51	100	5.51	100	1977	5.51	5.51	100	5.51	100	5.51	100	1977	5.51	5.51	100	5.51	100	1977	5.51	5.51	100	5.51	100	1977	5.51	5.51	100	5.51			
1978	5.51	5.51	100	5.51	100	1978	5.51	5.51	100	5.51	100	1978	5.51	5.51	100	5.51	100	5.51	100	1978	5.51	5.51	100	5.51	100	1978	5.51	5.51	100	5.51	100	1978	5.51	5.51	100	5.51			
1979	5.51	5.51	100	5.51	100	1979	5.51	5.51	100	5.51	100	1979	5.51	5.51	100	5.51	100	5.51	100	1979	5.51	5.51	100	5.51	100	1979	5.51	5.51	100	5.51	100	1979	5.51	5.51	100	5.51			
1980	5.51	5.51	100	5.51	100	1980	5.51	5.51	100	5.51	100	1980	5.51	5.51	100	5.51	100	5.51	100	1980	5.51	5.51	100	5.51	100	1980	5.51	5.51	100	5.51	100	1980	5.51	5.51	100	5.51			
1981	5.51	5.51	100	5.51	100	1981	5.51	5.51	100	5.51	100	1981	5.51	5.51	100	5.51	100	5.51	100	1981	5.51	5.51	100	5.51	100	1981	5.51	5.51	100	5.51	100	1981	5.51	5.51	100	5.51			
1982	5.51	5.51	100	5.51	100	1982	5.51	5.51	100	5.51	100	1982	5.51	5.51	100	5.51	100	5.51	100	1982	5.51	5.51	100	5.51	100	1982	5.51	5.51	100	5.51	100	1982	5.51	5.51	100	5.51			
1983	5.51	5.51	100	5.51	100	1983	5.51	5.51	100	5.51	100	1983	5.51	5.51	100	5.51	100	5.51	100	1983	5.51	5.51	100	5.51	100	1983	5.51	5.51	100	5.51	100	1983	5.51	5.51	100	5.51			
1984	5.51	5.51	100	5.51	100	1984	5.51	5.51	100	5.51	100	1984	5.51	5.51	100	5.51	100	5.51	100	1984	5.51	5.51	100	5.51	100	1984	5.51	5.51	100	5.51	100	1984	5.51	5.51	100	5.51			
1985	5.51	5.51	100	5.51	100	1985	5.51	5.51	100	5.51	100	1985	5.51	5.51	100	5.51	100	5.51	100	1985	5.51	5.51	100	5.51	100	1985	5.51	5.51	100	5.51	100	1985	5.51	5.51	100	5.51			
1986	5.51	5.51																																					

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7%	ISCOR 73/88 (G)	84.00	7.45	4.39	8.88	1.378
2%	ISCOR 73/88 (G)	100.00	8.50	4.80	8.48	1.1173
3%	ISCOR 77/80 HF (G)	89.75	8.27	7.21	8.48	16.729
4%	ISCOR 77/80 HF (G)	89.75	8.27	1.46	8.38	12.179

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Market Makers in Floating Rate Note Issues

The interest rate per annum applicable to the following U.S. Floating Rate Notes were announced during June. These rates are quoted for information purposes only, and should be confirmed prior to the execution of a specific transaction. The rates quoted apply to the six-month periods shown.

		From	To	Rate
Bayerische Vereinsbank	1981	1 June 79	1 Dec 79	10 1/2 %
I.B.J. Finance	1985	1 June 79	1 Dec 79	10 1/2 %
Andelsbanken	1984	4 June 79	4 Dec 79	11 1/2 %
S.P.S.A.	1985	8 June 79	8 Dec 79	11 1/2 %
U.S.A.F.	1981	5 June 79	5 Dec 79	10 1/2 %
SOFT	1982	7 June 79	7 Dec 79	11 1/2 %
U.S.A.F. (7 1/2 min.)	1982	7 June 79	7 Dec 79	11 1/2 %
Citicorp	1984	8 June 79	10 Dec 79	10 1/2 %
Paribas	1980	11 June 79	11 Dec 79	10 1/2 %
Bank Handover	1981	12 June 79	12 Dec 79	11 1/2 %
Bank Worms	1985	15 June 79	17 Dec 79	10 1/2 %
C.N.A.C.	1984	15 June 79	17 Dec 79	10 1/2 %
D.G. Bank Finance	1982	15 June 79	17 Dec 79	10 1/2 %
LCB	1981	16 June 79	16 Dec 79	10 1/2 %
Creditanstalt Bankverein	1980	21 June 79	Fully Redeemed	
National Westminster	1981	21 June 79	21 Dec 79	11 1/2 %
Crédit International	1981	22 June 79	24 Dec 79	10 1/2 %
C.I.C.	1981	22 June 79	24 Dec 79	10 1/2 %
Hydrocarbons Bank	1982	22 June 79	24 Dec 79	10 1/2 %
London Credit Bank	1982	22 June 79	24 Dec 79	10 1/2 %
Credit Lyonnais (6 1/2 min.)	1983	24 June 79	24 Dec 79	11 1/2 %
Société Générale	1981	Fully Redeemed		
United Overseas Bank	1983	28 June 79	28 Dec 79	11 1/2 %

Interest rates applicable to the issues below will be announced during July.

Bankers	From	To	Rate
African Dev. Bank	1983	1 July 79	1985
Boo Nee Argentina	1983	1 July 79	1985
S.A.O.	1983	1 July 79	1985
S.P.G. Finance	1983/84	1 July 79	1985/84
Cham Manhattan	1983	1 July 79	1985
C.I.C. (7 1/2 % min.)	1983	1 July 79	1985
CCF (6 1/2 % min.)	1983	1 July 79	1985
GSZ	1981	1 July 79	1985/83
Indosuez (Fully Red.)	1985	1 July 79	1985
Indosuez	1985	1 July 79	1985
Kansai Otsuka Bank	1983	1 July 79	1985
Kansai Otsuka Bank	1983	1 July 79	1985

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612 Bank van der Hoop, Offers N.V.
615 Bank Morgan Labouchere N.V.
610 F. van Laushtot
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609 Slavenburg, Oyens & Van Eeghen
N.V.

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Bank	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	
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Eurotherm up £0.17m halfway

ON 

MINING NEWS

Gold mine profits rise in June quarter

BY KENNETH MARSTON, MINING EDITOR

A GOOD start is made to the South African gold producers' June quarterly reporting season by the mines in the Consolidated Gold Fields group. While the gold prices received by individual mines vary according to the timing of sales, June quarter profits have moved ahead in the wake of a group average of R8.983 per kilogramme.

This is equivalent to \$355 per ounce and compares with R6.547, or \$240, in the March quarter. Gold production has been fully maintained for the most part and it is particularly encouraging to note that costs have been well contained, the group average cost per tonne of ore milled having risen by only 3.1 per cent in the past quarter.

As usual, the most notable increases in net profits have been achieved by the lower gold grade, or marginal, mines. Thus, Doornfontein and Libanen come out particularly well. Kloof has benefited from a reduction in costs coupled with a rise in gold grade.

The one major disappointment comes from Venterspost which reports a fall in profit and has had to turn to State assistance. Production at Venterspost was affected by a fire in the past quarter—an insurance claim for loss of revenue has been submitted—and there was a fall in the grade of ore milled coupled with a rise in costs.

First development results are announced by the new Deelkraal gold mine which is being developed on schedule; as

already announced it is hoped to start trial milling towards the end of this year. The gold values now reported are low because they have been obtained in the low grade No. 2 shaft area.

They are thus not indicative of the mine's true potential and better values may be announced for the current quarter when sampling is likely to be carried out from the No. 1 sub-vertical shaft which is nearing completion.

The latest quarterly net profits of the group mines are compared in the following table.

June March Dec.
qtr. qtr. qtr.
R200s R200s R200s

Doornfontein 5,401 4,040 3,530
East Driefontein 30,851 28,353 30,811
Kloof 18,516 14,038 12,434
Libanen 5,355 4,894 4,795
Venterspost 1831 11,102 11,310
West Driefontein 29,422 27,144 26,227
After receipt of state aid. 2 After state aid repayment.

North BH lifts its stake in EZ Industries

NORTH BROKEN HILL, the Melbourne mining and investment house, yesterday emerged as the largest single shareholder in EZ Industries with a 14.88 per cent stake following heavy trading on the Australian exchanges.

About 4.2m shares of EZ's issued capital of 50.39m shares were said to have changed hands

at prices ranging between A\$3.50 and A\$3.80. The closing London price was 190p.

NBH's stake has been raised from 3.89m shares to 7.49m shares, a statement said.

Much of the trading would have been linked to the auction on the Melbourne exchange of a parcel of 2.48m EZ shares held by BH South, which has been divested as part of a debt reduction programme, related to the failure of Queensland Resources.

But presumably, the auction was carefully planned. The links between NBH and BH South are already close. Last September NBH went as far as proposing a merger, although this was rejected by the BH South Board.

In any event, NBH holds 18 per cent of the BH South-equity. NBH's build up of an increased stake in EZ follows a sharp financial recovery. In the nine months to March, net income rose to A\$11.55m (26m) from A\$5.6m in the same period of 1977-78.

The investment in EZ takes its place alongside other value-added NBH holdings, including 13 per cent of Alcoa of Australia, 30 per cent of Broken Hill Associated Smelters and 30 per cent of Kambria Coal and Coke.

The biggest shareholder in NBH is Consolidated Gold Fields of London, which holds around 10 per cent.

In London yesterday NBH shares were 93p and those of BH South were 87p.

BIDS AND DEALS

Dunlop in £1.2m agreed bid for Hawthorn Baker

BY CHRIS CAMERON-JONES

Dunlop, tyre producer, has made an agreed cash bid worth about £1.2m for Hawthorn Baker, printing equipment manufacturer. The offer is 185p per share and has been irrevocably accepted by the Hawthorn directors and their families for 54.4 per cent. On the news the shares rose 40p to 175p.

The move derives from the announcement in March that two major Hawthorn shareholders, Mr. H. Colman, the chairman and managing director, and Mr. J. Thomas, a former joint managing director and now a non-executive director, wished to dispose of their equity in the company.

The company's share jumped 30p to 110p on this news, valuing it at £717,000.

At that time the company was forecasting recovery from three years of losses to a taxable profit of not less than £180,000. Yesterday's full-time figures of £197,302 confirmed the forecast.

Stated earnings reached 21.7 (1p) but in the context of the offer the directors have agreed with Dunlop not to pay a dividend. The last payment was 3.25p net for 1974/75 when profit was down from £107,000 to £61,000.

Dunlop is a market leader in the manufacture of printer's blankets and has been trying to expand in the printing industry. Hawthorn's principal business is the manufacture and sale of offset lithographic plates under the Cornerstone trade mark. Both Mr. Colman and Mr. Thomas are in their late 60s, and they said in March that, as the company's position had improved and its prospects were more assured, the next stage of development should be in other hands.

Kleinwort Benson had been, therefore, instructed to find a buyer for the shares who would develop the business and extend the offer to the other shareholders.

The Hawthorn directors, who have been advised by Kleinwort Benson, consider the terms of the Dunlop offer as fair and reasonable.

It is not foreseen that the level of employment will be reduced as a result of the offer.

the joint statement. Hawthorn's trading profit in 1978-79 climbed from £5,398 to £217,356 on sales of £1.69m (£1.2m), before interest charges of £20,654 (£17,291).

After a tax charge of £56,000, against a credit of £20,174, net surplus was ahead from £3,281 to £141,302.

PARKER KNOLL/ RAYMAKERS

The industrial logic behind Parker Knoll's takeover of K. Raymakers and Sons is clearly spelled out in the letter sent to PK's shareholders yesterday. Raymakers supplies 10 per cent of the furnishing velvets used by PK which amounts to 18 per cent of Raymakers's output. According to PK, Raymakers is well managed and competitive and will be absorbed without effort or change.

A pro-forma statement of assets after the merger shows total net assets of £5.9m, compared with £5.3m for PK alone last July. The figures are stated after deducting the £2.2m cash element of the acquisition. PK is financing this from its own cash reserves which amounted to £2.9m at the end of last month. Borrowings are low. The remainder of the £2.7m offer price is to be satisfied by the issue of around 460,000 "A" non-voting shares.

ASSOCIATE DEAL. Baring Brothers and Company bought 25,000 ordinary shares in George Brothers on July 5 at 129p for Scottish and Newcastle Breweries.

KCA/MOBIL

A contract between KCA Drilling, a subsidiary of KCA International, the oil service and contracting group, and Mobil North Sea for development drilling in the North Sea on Mobil's Beryl Alpha platform has been extended by two years from the end of the current contract on December 31, 1979.

Additional options have also been granted which will enable Mobil to extend the contract for

two further periods of one year each. If Mobil exercises all its options, the contract will continue until the end of 1983.

EDGAR ALLEN/ AURORA

Edgar Allen Balfour, which continues to oppose the £15m takeover bid from its fellow Sheffield special steels' holding Aurora Holdings, yesterday added a qualification to its earlier £4m estimate of the worth of the company's Australian and New Zealand concerns.

It now says the estimate has been made on the basis that the companies are sold as independent entities and as going concerns in current market conditions by a willing seller to a willing buyer.

BROOKE TOOL- CHARTER CONS.

Charter Consolidated, acting for itself and in its capacity as secretaries to Central Mining Finance, wholly-owned subsidiary, has acquired 1,200,000 shares (22.9 per cent) in Brooke Tool Engineering, a company owned by Birmingham and Midland Comities Trust, but has not yet received formal notification.

SCOTCROS. Scotcros, the Glasgow packaging, food and transport equipment group, has disposed of its food distribution company, Elvestead Canned Meat, to Mr. Archie McGowan.

The consideration, which includes the repayment of loans, has been paid in cash and amount in aggregate to £58,429 and represents less than 5 per cent of Scotcros group assets.

MOORWOOD. Moorwood Valco, the Sheffield-based offshoot of the \$40m Valor Gas group, has arranged an exclusive agreement to supply griddle plates to all McDonald's Restaurants in Britain and Europe.

Wrighton rises to £491,000

TAXABLE PROFITS of F. Wrighton and Sons (Associated Companies), furniture maker, expended from £306,000 to £491,000 in the year to March 31, 1979, on marginally higher turnover of £5.9m, against £5.61m.

At mid-year, the surplus picked up from a depressed £22,411 to £183,119, and the directors expected a satisfactory full year.

Tax for the year took £280,000 (£182,000)—SSAP 15 on deferred tax has been adopted and comparisons restated. Earnings per 10p share are shown to have risen from 2.42p to 4.58p. The dividend is maintained at 1.05p.

CAUSTON RIGHTS 87.23% TAKEN UP

The recent rights issue by Sir Joseph Causton and Sons has been taken up in respect of 2,287,446 ordinary shares (87.23 per cent). The balance has sold in the market at 37p per share and the net proceeds, which amount to 0.71p per share, will be distributed to non-accepting shareholders on July 20.

Utd. British Securities

Net revenue of United British Securities Trust rose from £1.99m to £2.28m in the year to June 30, 1979, after tax of £1.41m, against £1.25m. Gross income was higher at £3.84m compared with £3.37m.

The second interim dividend of 3.7p lifts the net total to 5.1p (4.44p). Stated earnings are up from 4.44p to 5.1p.

East Midland Allied Press

At the annual meeting of East Midland Allied Press, Mr. F. Rogers, chairman, said that trading results so far this year were satisfactory, showing a substantial improvement on last year.

Advertisement volumes and circulation sales for the company's newspapers and national magazines continued to improve. The cover price for the Northamptonshire Evening Telegraph had recently been increased from 5p to 10p.

Coates S.A. declines

Coates Bros. (South Africa), the 88.4 per cent owned printing ink producing subsidiary of Coates Bros. UK, announces a 4 per cent turnover decline from 37.4m to 35.7m for the six months to April 30, 1979.

Increased raw material costs in the wake of continuing petroleum price height led to a 28 per cent pre-tax profit drop from R\$73,000 to R\$47,000.

Results were also affected by last year's purchase of a 20 per cent stake in local lithographic plate manufacturer, Howson-Algraphy.

Previously, Coates held an agency which imported lithographic plates into South Africa, and the loss of this with a start to local manufacture is expected to adversely affect turnover and profits until 1980.

With first-half earnings of 12 cents (33.1 cents for year), the

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Extracts from Interim Statement

	Half Year 1978/79	Half Year 1977/78	Full Year 1977/78
	£000's	£000's	£000's
Turnover	36,047	31,568	65,490
Pre-tax profits	2,026	1,744	4,083
Attributable to ord. shareholders	1,434	1,315	3,357
Earnings per share	8.6p	8.9p	22.5p

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Particulars relating to Weeks Petroleum Limited are available in the Extel Statistical Service and copies of such particulars may be obtained from the above addresses during usual business hours on any weekday (Saturdays excepted) up to and including 31st July, 1979.

11th July, 1979.

هكزامن الفحل

Companies and Markets **INTNL. COMPANIES and FINANCE****Earnings upsurge at Adam Opel**

BY GUY HAWTHORN IN FRANKFURT

ADAM OPEL increased net profits last year by 45 per cent to DM 422m on a sales rise of over 15 per cent to more than DM 10bn (\$5.44bn). The group is stepping up by DM 1bn the DM 5bn 5-year capital investment programme announced in 1977.

Mr. James F. Waters Jr., chief executive of Opel, the West German subsidiary of General Motors, said that by 1982 the group will have spent DM 6bn on capital investment. While rationalisation and the upgrading of existing facilities have been emphasised in the programme, substantial sums have also been allocated for new production capacity.

In April the group announced plans to spend DM 1bn in increasing pressing, body-making and engine production facilities at its Kaiserslautern plant. Mr.

Waters said yesterday that a further DM 500m has been allocated for the construction of a new paint shop at its main works in Rüsselsheim.

Production during 1978 rose by 3.3 per cent to 956,455 units. In addition the group produced 110,469 component sets without engines for assembly elsewhere — 20,000 component sets more than in 1977.

The group launched three new models last year which resulted in lower output at the upper end of the range because of start-up phases and more labour-intensive specifications, said Mr. Waters.

Unit sales also reached a record, rising by 5.4 per cent to 970,255 units. In the home market registrations of Opel and Bedford Blitz vehicles produced by the group rose 4.8 per cent to nearly 520,000 units. Its

share of the domestic car market went up from 1977's 19.2 per cent to 19.4 per cent. Exports increased by 3.7 per cent to 438,151 units. Some 98 per cent went to European markets as Opel has pulled out of the U.S. market in the face of stiffer Japanese competition and a swiftly appreciating D-mark. Exports as a proportion of total sales remained steady at 45.2 per cent.

With virtually every second job in the group dependent on exports, Opel is making considerable efforts to strengthen overseas sales. Mr. Waters said that the export markets were seen as more growth intensive because of high German car ownership figures. In the domestic market, replacement demand for new vehicles was becoming an increasingly significant factor.

However, 1978 once again saw Opel rebuilding its position in the West German luxury car market which has slipped as popularity of its ageing Diplomat and Admiral models waned. Mr. Waters said that although production of the Senator and Monza models only started in April and that of the Commodore in the autumn, they captured a 30 per cent share in the luxury car class.

During the year, Opel's workforce expanded by 3,227 to 62,977, while average monthly wages rose from DM 2,624 to DM 2,776. Fringe benefits as well as rising wages made a significant contribution to increased costs. For every DM 1,000 paid in wages, Opel was paying a further DM 385 in mandatory or voluntary social benefits, said Mr. Waters.

Bosch sees faster sales growth

BY OUR FRANKFURT CORRESPONDENT

THE Robert Bosch group's expected world sales to rise by 10 per cent this year—double the rate achieved in 1978. However, a large proportion of the increase will be attributable to extra sales gained by the result of its acquisition of a new Spanish subsidiary.

Bosch, the Stuttgart-based manufacturer of automotive, industrial and household electrical equipment, estimates that excluding the takeover, sales—forecast to reach DM 10.6bn (\$5.76bn)—will rise by 7.5 per cent. After allowances for price increases, the real rise would be about 8.5 per cent, which is not a great deal better than 1978's performance.

Earnings, according to the group's management, are likely to be maintained. Last year the

parent company's net fell back from 1977's DM 146m to DM 126m, hit by labour troubles, pressure on prices and lower capacity utilisation. The group net profit also declined from DM 24m to DM 22m.

However, the group sees the energy crisis as a major chance for the future. With some 60 per cent of its production dependent on the motor industry, fuel-saving devices—in which Bosch is a market leader—are providing a rapidly growing market.

The market for fuel-saving fuel injection equipment is growing by 25 per cent annually and Bosch has announced that 1979 will see a renewed build-up in investment in the technological development of the sector.

This year the group plans to invest some DM 600m of which 32 per cent will be devoted to fuel injection technology. Last year 30 per cent of the DM 550m investment went into the area.

A reduction in losses on petroleum activities helped Mobil Oil AG to swing into profit in 1978, earning a net profit of DM 169.47m after the previous year's DM 5.2m net loss.

This year, the company is earning an average after-tax profit of one pfennig per litre on its petroleum products, compared with a loss of one pfennig per litre in 1978. However, the company, a subsidiary of Mobil Oil of the U.S., is uncertain whether the improvement can be maintained.

Fuel costs to hit KLM

By Michael van Os

KLM ROYAL DUTCH airlines felt unable to give an indication of expected profits for this year owing to uncertainties caused by the development on the energy scene.

Speaking at the annual press conference, Dr. Sergio Orlandini, president, said there were doubts as to the impact of higher energy prices on public purchasing power and also about the possibility of passing on the full increase in the fares.

Earlier this year, KLM had "hoped to raise profits" from the 1978-79 level of F1 82m which compared with F1 137m a year earlier. However, the development of traffic and of the load factor looked good so far this year. The temporary grounding of the DC-10 had caused fewer losses than expected.

The company was planning its hopes on the outcome of the next international meeting on fares—KLM was aiming for a fare increase of 10-15 per cent—since the increase of May of 5 per cent had been much too limited.

KLM expects to reach a traffic growth of about 10 per cent in 1978-80, allowing for a limited rise in the load factor.

In the past year the load factor has gone up for the third consecutive year, this time by 1.9 points to 60.1 per cent.

KLM expects its fleet to gradually expand in the coming years, first with the introduction of the A310 Airbus and later, it was hoped, with the new Fokker aircraft, the F28.

Mr. Emile Beekman, KLM's financial director, said that last year's profit had been "unsatisfactory," although the airline had done well to overcome the many international obstacles.

Good year forecast by BMW

By Our Financial Staff

SHAREHOLDERS OF BMW, the West German high performance car maker, can look forward to another successful year, Herr. Eberhard Von Kuehnheim, managing Board chairman, declared at yesterday's annual meeting.

The company had emerged from the first six months of 1979 with a near 18 per cent rise in sales. Herr. Von Kuehnheim explained, in a statement, that cars had improved from 169,961 vehicles to 181,934 while motorcycle sales had risen to 18,399 units from 11,619.

Capital spending this year could be expected to rise to DM 480m (\$265.8m) compared to the DM 305m of 1978.

Sharp advance at Viohalco

By Our Athens Correspondent

SHARPLY higher profits and dividends are announced by Viohalco SA, the Greek industrial holding company, for a group making copper, steel and aluminium products.

Net profits for 1978 rose by a full 68 per cent to Drachmas 321.6m (\$8.09m) from Drachmas 196.3m in 1977. Shareholders approved a gross dividend of Drachmas 572 per share compared with Drachmas 460, an increase of 24 per cent. The group has close financial and technical co-operation with Bruxelles Lambert of Belgium, Phelps Dodge of the U.S., Siemens of West Germany, and Pechiney-Ugine Kuhlmann of France.

Standa plans rights issue to fund reorganisation

BY RUPERT CORNWELL IN ROME

STANDA, the leading Italian store group controlled by the Montedison chemicals concern, is planning a capital increase from L19.5bn to L46.1bn, as the centrepiece of a sweeping reorganisation programme.

The increase, which calls for a three-for-two rights issue at a nominal value of L1,500 apiece, is to be put before stockholders at an extraordinary meeting on July 27. The operation will be totally underwritten by Montedison.

The inflow of almost L30bn (\$66.5m) of fresh working capital is designed to go primarily to switching a number of Standa branches from historic city-centre sites to more

accessible and profitable suburb locations, and increasing the group's warehousing capacities throughout Italy.

But it is also a key part of the Standa investment programme of L50bn to L60bn over the next few years. The rapid growth of turnover has produced an accompanying expansion of financial requirements. These can no longer simply be met by greater recourse to short-term bank borrowing, which was standing at L55bn by the end of 1978.

Group sales climbed sharply to reach L884bn (\$1.2bn) last year. Standa reports that for the first half of 1979 turnover climbed 18 per cent to L507bn (\$820m).

Babcock Fives boosted by exports

By Terry Dodsworth in Paris

GROUP PRE-TAX profit at Babcock Fives, the diversified French industrial plant and engineering group, rose last year to Ffr 160.3m (\$37.5m) from Ffr 144.7m in 1977. Turnover went up even more sharply from Ffr 1.8bn to Ffr 2.9bn.

The group's performance was buoyed up by an exceptional year in export markets, where sales almost doubled from Ffr 812m to Ffr 1.5bn. Sales also rose in France—from Ffr 1bn to Ffr 1.3bn.

Interest earnings fell only slightly, by DM 600,000, said the report. Commission earnings, however, declined by just under 10 per cent to DM 21.8m.

PUK REORGANISATION**Facing up to industrial surgery**

BY TERRY DODSWORTH IN PARIS

GRADUALLY, it is becoming clear that Pechiney-Ugine-Kuhlmann, one of the dominant conglomerates of French heavy industry, is pushing through an extremely wide-ranging reorganisation.

The latest of its operations to be trimmed back is Radial, a wholly-owned subsidiary in the radiator business with a turnover of Ffr 40m (\$9.5m). Eighty per cent of Radial is being sold with PUK retaining the other 20 per cent in addition to a factory making electric radiators.

This deal follows similar transactions in wire and cable manufacturing (where PUK is linking up with Pirelli), tungsten production (where it is selling control to Sandvik of Sweden), and fertilisers (where its interests have been sold to Rhone-Poulenc).

These divestments show that PUK's declaration of a new and more concentrated business strategy is no idle talk. It is proceeding on a root-and-branch restructuring which should reduce the breadth of its interests but allow more single-minded investment in the areas which remain.

Spelling out this policy recently, M. Philippe Thomas, chairman of PUK, said that the group's aim was to adapt its structure to the period of slower growth and tougher global competition which was now inevitable.

The group has concluded

rationalisation deals in other sectors where it feels that economies of scale can be achieved. These include, for example, plastic tubes, in which it is agreed to take over some Saint-Gobain-Pont-A-Mousson facilities, while ceding some of the shares. Similar reorganisations have been pushed through in

stified company with interests in chemicals, metals and what it calls "light industries" such as plastics and pharmaceuticals, components.

Aluminium manufacturing is seen as a potential growth area because of the move towards more lightweight materials for vehicles. As a result, PUK

The final judgement on PUK's diversification programme will depend on the company's biggest problem area—steel. Aluminium manufacturing and chemicals, however, provide encouraging growth prospects for PUK in the longer term

some of its wire manufacturing and chemical interests.

This combination of industrial surgery and preventative medicine has been made all the more necessary by PUK's financial position.

Group profits last year dropped to Ffr 261m (\$59.3m) from Ffr 377m in 1977, against a turnover increase of 6 per cent to Ffr 27.6bn.

It suffered losses of Ffr 10m in its chemicals division, and a staggering net deficit of Ffr 54.5m in its special steels subsidiary—which followed on from an almost equally disastrous loss of Ffr 45m in 1977.

The sectors to pull the group away from these problem areas include aluminium production and engineering for the nuclear power industry.

Even after its rationalisation, PUK will remain a widely-diversified

recently put in train a Ffr 400m (\$92m) modernisation programme aimed at raising production by 20 per cent, and at keeping it in the front rank of world producers. It calculates on retaining 8 per cent of the world market.

Similarly, its investment in products for nuclear power plants are aimed at an industry with incontestable growth prospects in France.

The government intends to speed up its nuclear power programme with the aim of producing some 50 per cent of the country's electric power by this means by 1985.

PUK, manufacturing combustible materials and engaged in uranium production, plans to be carried along in the wake of this expansion.

These factors include the willingness of other companies to take over or merge with the Ugine Steels interests and the so far unresolved central government policy on a general reorganisation of the special steels companies.

Ugine Steels is said to have been examined already by Creusot-Loire, another special steels group in difficulty. It is now being looked at by Sacilor, the second largest of the two French general steel manufacturers.

Sacilor is believed to be holding out for some form of government assistance to take on yet another "lame duck." PUK for its part, is saying very little: "A simple agreement between two loss making companies would not lead to a reduction of the overall deficit if important changes were not brought about in the organisation at the same time," said M. Thomas recently.

What is clear is that M. Thomas will do everything he can to push the reorganisation through. PUK will almost certainly be a very different company a year from now.

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June 1979

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July 11, 1979

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(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND No. 46

Notice is hereby given that at the Annual General Meeting of the Company held on the 10th July, 1979, Final Dividend No. 46 of 5 cents per share, as recommended by Directors, was declared payable on the 24th August, 1979, to Shareholders registered at the close of business on 27th July, 1979. Payments from the United Kingdom transfer office of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on the 15th August, 1979.

South African non-resident Shareholders' tax at the rate of 15% and United Kingdom tax will be deducted from dividends where applicable.

By order of the Board,
H. M. NIELSON,
Secretary.

Durban.

10th July, 1979.

Transfer Secretaries:
Central Registrars Limited,
28 Harrison Street,
Johannesburg 2001.

U.K. Transfer Office:
Oakfield Registrars Limited,
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London SE1 0JA.

Companies and Markets

Brighter picture at SA steel companies

By Jim Jones in Johannesburg
WHILE MANY South African industrial companies are taking a hard look at the implications for them of a world-wide recession, some sectors are reasonably confident.

Attributable profits of Highveld Steel and Vanadium increased by 27.5 per cent to R12.48m in the six months to end 1978 on turnover up by 53.5 per cent to R120.93m. In the year to June 1978, attributable profits were 1.3 per cent higher at R21.01m and turnover was 19.75 per cent higher at R172.95m.

This is especially true of the Johannesburg Stock Exchange quoted steel companies, who were hit by the slowdown in capital spending throughout the economy which started two to three years ago. Since the start of this year, the picture has improved beyond recognition, and with the latest, 12.3 per cent, controlled steel price increase announced last week, there are few steel company chairmen with long faces.

Compared with the corresponding period last year, steel production rose 14.2 per cent during the first five months of 1979, while pig iron production—admittedly from a low base—was 23.9 per cent ahead in the first four months.

If anything, private sector steel production has been better than the national average. Private sector output of steel castings during the first four months was 16 per cent ahead, while non-ferrous castings output advanced 28.4 per cent.

Taxed profits of The Union Steel Corporation expanded by 233 per cent to R3.6m for the year to December 1978 on turnover up by 8.97 per cent to R137.3m.

But how do the major private sector producers see the near-term? Mr. Les Boyd, managing director of Highveld Steel and Vanadium, feels that demand for his company's products is such that the latest price increase will not hurt turnover.

Highveld exports remain buoyant, at an annual figure of around 240,000 tonnes, mainly structural sections, plate and semi. Rising production and transport costs have eaten into earnings, but there should be little difficulty in exceeding the R12.5m (\$14.5m) attributable earnings reported for the six months to December 31. And it is felt in Johannesburg that earnings per share are 40 cents with a total dividend increased from 16 cents in 1978 to 19 cents for the year to end-June, 1979, are possible.

The Dunsward chairman, Mr. George Clark, agrees with Mr. Boyd as in the effect of the R30 per tonne price increase on turnover. Dunsward is nearing completion of a major modernisation programme at its production facilities, after inadequate replacement programmes had left the company an inefficient producer, plagued by having plant out of action. As a result, Dunsward has paid no dividends since 1976 when 20 cents was declared on earnings per share of 47.5 cents. Now with tighter management control and a tapering off of the heavy capital expenditure programme, Johannesburg analysts calculate that the company should report earnings of 20 cents and pay a dividend of 7 cents.

At Dunsward Steel net income before extraordinary items advanced from R14,000 to R496,000 in the year to end 1978 on turnover ahead by 40.9 per cent.

Union Steel Corporation (USCO), was hard hit by the recession, which coincided with completion of work on the national electricity grid, and is less happy. Mr. Jan de Waal, the managing director, feels that the price increase merely compensates for intervening cost increases, but makes no allowance for the recent 10 per cent wage rise granted to black employees. The view in Johannesburg is that USCO's earnings per share could recover to 20 cents this year, to equal the 1976 figure, and after having been 4 cents in 1977 and 13.1 cents in 1978.

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of June 30th, 1979
U.S.\$13.95
Listed Luxembourg Stock Exchange
Banque Générale du Luxembourg
Investment Bankers
Manila Pacific Securities, SA

Sun Hung Kai Finance seeks separate listing

BY ANTHONY ROWLEY IN HONG KONG

SUN HUNG KAI Securities, the biggest securities house in Hong Kong, headed by Mr. Fung King Hey, is to split its financing arm, Sun Hung Kai Finance, into a separately quoted company.

This development has been rumoured on the local stock markets in recent weeks, although some analysts saw its timing as odd in view of the fact that SHK Finance was subject to a severe run on its deposits late last year, after stockmarket rumours that the securities side had been hit by heavy dealing losses.

Those rumours were denied in statements by the company and by the authorities here and a number of banks—including the Hongkong and Shanghai Banking Corporation, the Bank of China and the French group, Paribas—extended support lines to the finance company. Since then, SHK Finance has recovered from the run on its deposits.

Under proposals to be put to shareholders, SHK Finance will acquire from SHK Securities the Securities' company's merchant

banking and insurance interests. The securities commodities and gold broking and property plus trading interests will continue under the SHK Securities group.

SHK Securities said that while the business of the two groups were complementary they were different in character, and that they could best be developed by operating independently. They would continue to cooperate closely, however.

The reorganisation will be effected through a scheme of arrangement under which the entire issued share capital of SHK Finance will be distributed to present SHK Securities shareholders. This will involve a reduction in capital for SHK Securities. It is planned to list SHK Finance's shares on the local stock exchanges by way of an introduction, and SHK Securities will maintain its current listing.

There is an outstanding option arrangement with Compagnie Financière de Paris et des Pays-Bas (Paribas), whereby Paribas could increase its present shareholding at 17 per cent in SHK Securities to

25 per cent," SHK Securities said.

While Paribas would be prepared to exercise this option, SHK Securities and Paribas consider that it would be more desirable if Paribas were to concentrate its commitment in the finance group in lieu of exercising its option.

Accordingly, Paribas has agreed to subscribe for cash additional new shares of HK\$1 each to be issued by SHK Finance at a price which is expected to be HK\$1.89 per share so as to increase its shareholding to 30 per cent of the enlarged issued share capital of SHK Finance. Paribas will retain its 17 per cent shareholding in SHK Securities.

Proposals for the reorganisation will be submitted to shareholders "towards the end of the year." A third quoted arm of the group, Sun Hung Kai Properties, is unaffected by the reorganisation.

Stake in Metkor to be reduced by Iscor

BY OUR JOHANNESBURG CORRESPONDENT

METKOR INVESTMENTS has announced details of a R20.2m (\$23.93m) preference share issue here in a move as a preliminary to South Africa's state-owned enterprises divesting themselves of private sector assets.

Metkor, in which the state-owned steel producer Iscor has a 74.5 per cent beneficial holding, is offering 40.4m newly created 10.5 per cent cumulative convertible non-redeemable preference shares at 30 cents each in the ratio of 70 preference shares to every 100 ordinary shares held. But as Iscor does not intend taking up its rights under the offer, the underwriter, Volkskas Merchant Bank will absorb Iscor's entitlement.

Metkor is a holding company with diverse interests in the steel and construction industries. These include a 45.1 per cent stake in steel products group Wippers, 38.7 per cent in the steel producer Union Steel; 20.9 per cent of the engineering group, Dorbyl, and, indirectly, 19.4 per cent of Stewarts and Lloyds of South Africa.

The new preference shares may be converted to ordinary shares at the option of holders

on a one-for-one basis if for two consecutive years aggregate ordinary dividends are less than those paid on the preference shares. Thus, by 1982, Volkskas Merchant Bank could elect to convert the preference shares it takes up and would need to buy fewer than 1m ordinary shares in the market to gain control from Iscor.

The view here is that by that time a bid for the outstanding Metkor ordinary shares held by Iscor could be made by Volkskas. By this means the criticism levelled in the past at Iscor of preferring certain sectoral interests in attempting to dispose of its assets, may be avoided.

Concurrent with the preference share issue, Metkor is seeking its shareholders' approval to acquire from Iscor 50 per cent of the shares in the waste oxygen and nitrogen producer, Airco, in exchange for the transfer to Iscor of 100m shares in South African Manganese, the producer of manganese and iron ores and ferroalloys. This, in its turn has been seen as a preliminary to disposal of Iscor's existing 40 per cent stake in South African Manganese to the private sector.

HK Land in Sydney deal

BY OUR HONG KONG CORRESPONDENT

HONGKONG LAND has completed negotiations for its food trading arm, the Dairy Farm Ice and Cold Storage Co., to acquire one of Australia's major supermarket chains, Franklin Stores Pty. of Sydney.

The Franklin group operates 78 stores in the Sydney metropolitan area, with an annual cash turnover of approximately HK\$ 1.65bn (U.S.\$ 322.27m). The acquisition will take

effect in August of this year.

Commenting on the purchase, Mr. Trevor Bedford, executive director and general manager of the Hongkong Land group, said "the acquisition of the Franklin business will add substantially to the already solid and profitable operating base of Australian Dairy Farm Limited, and it will also make a useful contribution to the earnings of the Hongkong Land group."

Sumitomo Mutual in Hong Kong

TOKYO — Sumitomo Mutual Life Insurance Company, a leader in the field in Japan, will open a representative office in Hong Kong early next month. The company said that the office will gather information on money markets in south-east Asia. It is sending a representative from Japan but is hoping to expand the office as the situation requires.

The office is the first Japanese life insurance company has opened in Hong Kong. Sumitomo already maintains an office in London and New York. AP-DJ

National Bank of Abu Dhabi profit halved

By Kathleen Bishawi in Abu Dhabi

THE PROFITS of the latest bank in the United Arab Emirates, the National Bank of Abu Dhabi, have fallen to 50 per cent of the previous level, the bank revealed this week.

Net profits after overseas taxation have gone from a 197 level of DH 89m to a total of only DH 44m (\$11.5m). At the same time, the bank balance sheet shrank from DH 14.94bn to DH 13.95bn.

Behind the falls, it is said, were the devaluations of 4 U.S. dollar against the U.A. dirham. "We are witnessing the same phenomena as in Syria and German banks have undergone," said Mr. Assad Saman el Assad, the bank's chief executive.

NATIONAL WESTMINSTER BANK LIMITED

Floating Rate Capital Notes 1994



In accordance with the provisions of the Notes, interest hereby given that for the three months interest period from 11th July, 1979 to 11th October, 1979 the Notes will carry an Interest Rate of 11% per annum. The interest payable on the relevant interest payment date 11th October, 1979 against Coupon No. 1 will be U.S. \$28.11.

By Morgan Guaranty Trust Company of New York, London, Agent Bank



CREDIT COMMERCIAL DE FRANCE

U.S. \$30,000,000 Floating Rate Notes 1976-1983

For the six months 11th July, 1979 to 11th January, 1980 the Notes will carry an interest rate of 11 1/4% per annum.

Listed on the Luxembourg Stock Exchange
By: Morgan Guaranty Trust Company of New York, London, Agent Bank

PAN-HOLDING S.A. LUXEMBOURG

Pursuing its rising trend of 1978, the Unconsolidated Net Asset Value, as of June 30, 1979, amounted to US\$145.78 per share of \$10 par value, showing an increase of 14.11 per cent since December 31, 1978, and of 34.41 per cent since December 31, 1977.

This value was before payment on July 2, 1979, of a dividend of \$2.60 per share. The Consolidated Net Asset value per share amounted as of June 30, 1979, to US\$169.39.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD

45 Cornhill, London EC3V 3BP. Tel: 01-623 6314
Index Guide as at July 5, 1979
Capital Fixed Interest Portfolio 115.78
Income Fixed Interest Portfolio 105.00

amro bank for international finance, foreign exchange and business development services

Amsterdam—Rotterdam Bank NV

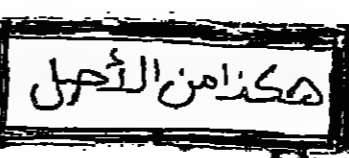
Head Offices: 595 Herengracht, Amsterdam. Telex 11006
119 Coolingsingel, Rotterdam. Telex 22211

London Branch: 29-30 King Street, London EC2V 8EQ. Telex 887139

amro bank

amsterdam-rotterdam bank nv

Branches, subsidiaries or affiliates in every major world financial centre



Indices

NEW YORK — DOW JONES

NEW YORK —DOW JONES										
	July 10	July 9	July 8	July 5	July 3	July 2	1979		Since Comp.	
							High	Low	High	Low
• Industrials	258.34	262.50	246.16	253.79	252.50	264.04	278.72 (7/10/79)	207.30 (2/27/79)	281.76 (11/1/78)	41.07 (1/7/79)
Time S'nd	85.85	85.53	85.39	85.94	85.37	85.78	85.87 (6/7)	82.55 (6/6)	82.55 (6/6)	3.32 (1/7/79)
Transport	250.34	251.56	248.04	245.57	242.01	241.35	251.55 (6/7)	206.78 (2/27/79)	273.88 (7/28/78)	45.09 (1/7/79)
Utilities	108.27	107.78	108.70	108.98	105.45	108.21	108.75 (6/7)	105.65 (5/6)	105.53 (2/4/79)	3.18 (6/7)
Trading vol. 000's	39,889	42,568	55,680	50,548	31,700	35,779				
• Day's high	287.00	low	245.75							

	July 6 - June 89			June 88	Year ago base
Ind. div. yield %	5.69	5.78	5.97	5.75	

	July 10	July 9	July 8	July 7	July 6	July 5	1978	Since C'wall		
							High	Low	High	Low
Industrials	118.49	118.06	114.37	113.44	118.06	116.06	118.69	107.00	124.04	91.00
							(9/1)	(2/22)	(11/17)	(7/8)
Composites	104.29	104.47	105.63	102.46	102.06	101.36	114.57	98.12	111.00	90.00
							(9/1)	(2/22)	(11/16)	(7/8)

	July 5	June 27	June 20	Year ago base
Ind. div. yield %	5.69	5.78	5.97	5.75

Ind. div. yield %	5.25	5.27	5.50	6.18																																																						
Ind. P/E Ratio	7.58	7.94	7.97	8.85																																																						
Lon. Gov. Bond Yield	5.44	6.75	6.51	6.62																																																						
N.Y.S.E. ALL COMMON																																																										
<table border="1"> <tr> <th colspan="2">1976</th> <th colspan="2">1977</th> <th colspan="2">Rises and Falls</th> </tr> <tr> <th>July 10</th> <th>July 6</th> <th>July 6</th> <th>July 5</th> <th>July 10</th> <th>July 6</th> </tr> <tr> <td>High</td> <td>Low</td> <td>High</td> <td>Low</td> <td>Issues Traded</td> <td>917</td> </tr> <tr> <td>59.16</td> <td>58.32</td> <td>58.68</td> <td>58.16</td> <td>Rises</td> <td>931</td> </tr> <tr> <td>60.32</td> <td>55.88</td> <td>(8/7)</td> <td>(27/8)</td> <td>Falls</td> <td>504</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Unchanged</td> <td>144</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>New Highs</td> <td>102</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Falls</td> <td>15</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>8</td> </tr> </table>					1976		1977		Rises and Falls		July 10	July 6	July 6	July 5	July 10	July 6	High	Low	High	Low	Issues Traded	917	59.16	58.32	58.68	58.16	Rises	931	60.32	55.88	(8/7)	(27/8)	Falls	504					Unchanged	144					New Highs	102					Falls	15						8
1976		1977		Rises and Falls																																																						
July 10	July 6	July 6	July 5	July 10	July 6																																																					
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				New Highs	102																																																					
				Falls	15																																																					
					8																																																					

MONTRÉAL	1979					Low
	July 10	July 5	July 5	July 5	High	
Industrial	357.75	358.14	359.00	370.50	370.75 (29.6)	370.75 (29)
Combined	358.45	358.62	359.18	366.40	371.10 (29.6)	366.40 (29)
TORONTO Composite	1580.9	1582.5	1587.3	1566.5	1571.5 (29.6)	1571.5 (29)
JOHANNESBURG Gold	285.5	285.5	287.2	285.5	288.5 (29.6)	288.5 (29)
Industrial	285.5	285.5	287.2	285.5	288.5 (29.6)	288.5 (29)

[illegible]

TUESDAY'S ACTIVE STOCKS	
Japan (9) 446.48	448.08
	(9.01) (10.04)
Singapore (9) 377.30	378.34
	(2.25) (2.33)
Indices and bond data (all base 100)	
50 Standard and Poor-10; and	
Toronto 3000 1000 1000	
1979 1979 1979	
40 Industrial 100 40 Industrial 100	
40 Finance and 20 Transport	
1979 1979 1979	
Copenhagen 31 1/73	
Tokyo 77.00	
CIT Financial 414.00	
Carnegie World 432.00	
IBM 376.00	
Sanyo Technolgy 372.00	
Marriott 372.00	
Mitsubishi 372.00	
Metal 372.00	

[illegible][illegible]

Goldman Cement	-1.82	+0.08
Solar (S.A.)	79.11	+0.81
Const. Sociedades Aus.	16.00	+0.00
Continental (S.I.)	12.56	+0.00
Conzinc RioTinto	18.45	-0.00
Banco Australiano	11.40	+0.00
Compt. Rubiales (SA)	10.37	+0.00
ECOR	10.85	+0.00
Order-Smith	18.63	+0.00
Industria Siderica	10.34	+0.00
Z. Industries	75.50	+0.50
Immob. Property Trust	11.56	+0.00
Kred. Industrias	18.50	+0.00
Looke	10.75	+0.01

O&O

	July 10	Price 1-6% Kroner	
		%	%
Borgen Bank	108.5		
Borgerne	75		
Greditbank	118	+1.5	11
Kosmos	850	+1.5	16
Kred. Industrier	115		
Norsk Hydrokraft	515	-10	12

CF Australia	12.59	
Chemical Bank	20.59	
Chemicals Industries	10.75	
Comberpana Minerals	11.74	+0.06
Consols (Devel)	11.12	-0.01
Copper	10.50	
Crystals Exploration	10.74	+0.24
Dechemura Minerals	10.17	+0.14
Devel Holdings	10.17	+0.14
Dyer Emporium	12.85	-0.01
Easton	25.80	+0.01
Electronics International	10.17	+0.01
Engel Bros & Sons (Soc)	11.59	+0.01
Kalbaridge	11.59	+0.01

JOHANNESBURG		MINES	
July 10		Range	Low
Anglo American Corp	7.20	7.20	6.99
East Driefontein	2.00	2.00	1.99
Elsburg	2.00	2.00	1.99
Harmony	3.00	3.00	2.99
Kingsway	2.00	2.00	1.99
Klondike	14.75	14.75	14.69

Rogers Exploration	-0.82	-0.95
Karogen Energy	17.65	+0.16
Borgess Concrete	11.48	+0.88
St. James Oil & Gas	28.50	0.00
Leigh H.C.	0.68	0.00
Alton Mining	0.85	-0.01
Imperial Petroleum	18.50	0.00
Thomas Nat. Trans.	11.28	0.00
Western Petroleum	17.70	+0.94
Falcon	18.00	-0.01
Pacific Mining (Soc)	28.26	+0.53
Footworthe	11.44	0.00
Russburg Platform	12.25	0.00
S. Plains	11.25	0.00
Southview	12.50	0.00
Gold Fields SA	39.00	0.00
Wentworth	11.25	0.00
D. Bars Deferred	5.30	0.00
Bryantvonticht	11.00	0.00
Free State Gold	23.75	0.00
President Brand	20.75	0.00
Princess	16.70	0.00
Stillfontein	16.70	0.00
Welkom	6.50	0.00
West Rand	25.25	0.00
Western Holdings	38.00	0.00

[illegible][illegible]

Rate (per 100)	Country	Rate (per 100)	Country
58.68	France	102.2	Spain
58.68	Germany	102.2	Spain
58.68	Italy	102.2	Spain
58.68	Japan	102.2	Spain
58.68	United Kingdom	102.2	Spain
58.68	United States	102.2	Spain
58.68	Canada	102.2	Spain
58.68	Australia	102.2	Spain
58.68	New Zealand	102.2	Spain
58.68	South Africa	102.2	Spain
58.68	India	102.2	Spain
58.68	China	102.2	Spain
58.68	USSR	102.2	Spain
58.68	Other	102.2	Spain

BRAZIL		Price, 1/4 of Dec 9/85		
July 10	Crude	1/4 of Dec 9/85	July 10	
0.86	0.10-0.15		Barco Exterior	294
0.90	0.14-0.18		S. Grande (1,000)	126
0.95	0.18-0.22		S. Paulo (1,000)	127
1.21	0.08-0.10		Barra Medeira	348
1.26	0.08-0.10		S. Salvador (2,000)	254
1.27	0.08-0.10		S. Paulo (1,000)	227
1.38	0.10-0.12		S. Paulo (1,000)	285
1.41	0.10-0.12		S. Paulo (1,000)	285
1.42	0.10-0.12		S. Paulo (1,000)	285
1.43	0.10-0.12		S. Paulo (1,000)	285
1.44	0.10-0.12		S. Paulo (1,000)	285
1.45	0.10-0.12		S. Paulo (1,000)	285
1.46	0.10-0.12		S. Paulo (1,000)	285
1.47	0.10-0.12		S. Paulo (1,000)	285
1.48	0.10-0.12		S. Paulo (1,000)	285
1.49	0.10-0.12		S. Paulo (1,000)	285
1.50	0.10-0.12		S. Paulo (1,000)	285
1.51	0.10-0.12		S. Paulo (1,000)	285
1.52	0.10-0.12		S. Paulo (1,000)	285
1.53	0.10-0.12		S. Paulo (1,000)	285
1.54	0.10-0.12		S. Paulo (1,000)	285
1.55	0.10-0.12		S. Paulo (1,000)	285
1.56	0.10-0.12		S. Paulo (1,000)	285
1.57	0.10-0.12		S. Paulo (1,000)	285
1.58	0.10-0.12		S. Paulo (1,000)	285
1.59	0.10-0.12		S. Paulo (1,000)	285
1.60	0.10-0.12		S. Paulo (1,000)	285
1.61	0.10-0.12		S. Paulo (1,000)	285
1.62	0.10-0.12		S. Paulo (1,000)	285
1.63	0.10-0.12		S. Paulo (1,000)	285
1.64	0.10-0.12		S. Paulo (1,000)	285
1.65	0.10-0.12		S. Paulo (1,000)	285
1.66	0.10-0.12		S. Paulo (1,000)	285
1.67	0.10-0.12		S. Paulo (1,000)	285
1.68	0.10-0.12		S. Paulo (1,000)	285
1.69	0.10-0.12		S. Paulo (1,000)	285
1.70	0.10-0.12		S. Paulo (1,000)	285
1.71	0.10-0.12		S. Paulo (1,000)	285
1.72	0.10-0.12		S. Paulo (1,000)	285
1.73	0.10-0.12		S. Paulo (1,000)	285
1.74	0.10-0.12		S. Paulo (1,000)	285
1.75	0.10-0.12		S. Paulo (1,000)	285
1.76	0.10-0.12		S. Paulo (1,000)	285
1.77	0.10-0.12		S. Paulo (1,000)	285
1.78	0.10-0.12		S. Paulo (1,000)	285
1.79	0.10-0.12		S. Paulo (1,000)	285
1.80	0.10-0.12		S. Paulo (1,000)	285
1.81	0.10-0.12		S. Paulo (1,000)	285
1.82	0.10-0.12		S. Paulo (1,000)	285
1.83	0.10-0.12		S. Paulo (1,000)	285
1.84	0.10-0.12		S. Paulo (1,000)	285
1.85	0.10-0.12		S. Paulo (1,000)	285
1.86	0.10-0.12		S. Paulo (1,000)	285
1.87	0.10-0.12		S. Paulo (1,000)	285
1.88	0.10-0.12		S. Paulo (1,000)	285
1.89	0.10-0.12		S. Paulo (1,000)	285
1.90	0.10-0.12		S. Paulo (1,000)	285
1.91	0.10-0.12		S. Paulo (1,000)	285
1.92	0.10-0.12		S. Paulo (1,000)	285
1.93	0.10-0.12		S. Paulo (1,000)	285
1.94	0.10-0.12		S. Paulo (1,000)	285
1.95	0.10-0.12		S. Paulo (1,000)	285
1.96	0.10-0.12		S. Paulo (1,000)	285
1.97	0.10-0.12		S. Paulo (1,000)	285
1.98	0.10-0.12		S. Paulo (1,000)	285
1.99	0.10-0.12		S. Paulo (1,000)	285
2.00	0.10-0.12			

Imp. PE	0,00	0,33-0,00	Paralobee	80	- 0,00
Ass.RioDona PP	1,47	0,43-0,00	Petrolco	105	- 3
			Sociedade	128	
Vendas: Co. 21,7m	Volumes: 48 lit		Telefonia	71-50	- 0,50
Soluções: Rio de Janeiro-SC			União-300	95	+ 1,30

100

OFFSHORE AND OVERSEAS FUNDS

OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg
Net asset value July 2.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Chancery Cross, St. Helier, Jersey. 0534 73741
Capital Fund. 0534 73741
Net asset value July 2. 12.05

Arbutnot Securities (C.I.) Limited
P.O. Box 204, St. Helier, Jersey. 0534 74077
Cap. Inv. (Jersey). 122.0 127.0 7.94
Govt. Secs. (T.S.) 19.5 18.0 12.74
East. Adm't. (C.I.) 0.00 1.07 13.50
Net asset value July 12.

Australian Selection Fund NV
Market Opportunities, c/o Iron Yarn & Outwale, P.O. Box 10, Sydney, N.S.W. 1585
US\$1 Shares. US\$1.48
Net asset value November 24.

Bank of America International S.A.
Sector Fund, 100 Wall Street, New York, N.Y. 10038
Widening Interest. 110.25 103.30
Prices at July 5. Next val. each July 11.

Barings Bruxelles Lambert
Rue De la Banque 10, 1050 Brussels
Renta Fund. 1015.78 1051.01 0.08

Barclays Managers (Jersey) Ltd.
P.O. Box 83, St. Helier, Jersey 0534 74806
Barclays Fund. 105.3 106.0 1.50

Barclays Unicredit International
P.O. Box 100, St. Helier, Jersey. 0534 73741
Eurobond Income. 107.4 107.9 1.27
Eurobond Growth. 107.4 107.9 1.27
Unibond Trust. 1015.78 1051.01 0.08
1. Thomas St., Singapore, Singapore. 0534 74077
Do. Aust. Inv. 107.4 107.9 1.27
Do. Aust. Inv. 107.4 107.9 1.27
Do. Aust. Inv. 107.4 107.9 1.27
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Do. Aust. Inv. 107.4 107.9 1.27
Do. Aust. Inv. 107.4 107.9 1.27

Bishopsgate Commodity Sec. Ltd.
P.O. Box 42, Douglas, L.M. 0534 73741
Commodity Fund. 107.4 107.9 1.27
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Commodity Fund. 107.4 107.9 1.27
Commodity Fund. 107.4 107.9 1.27
Commodity Fund. 107.4 107.9 1.27
Commodity Fund. 107.4 107.9 1.27

Bishopsgate Progressive Ldn. Agents
Bishopsgate, EC2N 3AP, London. 0534 73741
BNASX June 28. 106.0 107.00

Bridge Management Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
Wipon July 7. 106.0 107.00

Brilliant Trust Mgmt. (C.I.) Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
Sterling Diversified Fds. 107.4 107.9 1.27
Sterling Income. 107.4 107.9 1.27
Sterling Growth. 107.4 107.9 1.27
Sterling High Int. 107.4 107.9 1.27
Sterling High Int. 107.4 107.9 1.27
Sterling High Int. 107.4 107.9 1.27

Brown Shipley Trust Co. (Jersey) Ltd.
P.O. Box 503, St. Helier, Jersey. 0534 74777
Sib. B. Fds. (L.). 103.34 103.40 12.18

Butcherfield Management Co. Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
Butcherfield Fund. 107.4 107.9 1.27
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Butcherfield Fund. 107.4 107.9 1.27
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Butcherfield Fund. 107.4 107.9 1.27

Capital International S.A.
37 rue Notre-Dame, Luxembourg.
Capital Fund. 0534 73741

Charterhouse Japan
1 Paternoster Row, EC4A 3DF, London. 01-248 3999
Advised. 107.4 107.9 1.27
Advised. 107.4 107.9 1.27
Advised. 107.4 107.9 1.27
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Advised. 107.4 107.9 1.27
Advised. 107.4 107.9 1.27

Chive Investments (Jersey) Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
Chive Fund. 107.4 107.9 1.27
Chive Fund. 107.4 107.9 1.27
Chive Fund. 107.4 107.9 1.27
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Chive Fund. 107.4 107.9 1.27
Chive Fund. 107.4 107.9 1.27

Cornhill Inv. (Guernsey) Ltd.
P.O. Box 100, St. Peter Port, Guernsey
Inv. Man. Fds. 118.0 205.9

DWS Deutsche Sec. F. Wertpapier
Gartenweg 113, 5000 Frankfurt
Investment. 106.39 106.39 0.00

Duka Group
P.O. Box 3012, Nassau, Bahamas
Duk. Inv. July 5. 105.21 1.22

Deutscher Investment-Trust
Postfach 100, D-5000 Köln 10, 5000 Frankfurt
Concerta. 106.39 83.50

Deutsche Intercontinental Inv. Fd.
P.O. Box 12, 12000, Bahamas.
NAV July 5. 105.21 107.9

Enson & Dudley Trust Mgt. Jry. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73741
Enson & Dudley. 105.21 139.7

The English Association
4 Fare Street, EC2R 2EE, London. 01-588 7051
A. Sterling. 105.21 107.9
A. Sterling. 105.21 107.9
A. Sterling. 105.21 107.9
A. Sterling. 105.21 107.9
A. Sterling. 105.21 107.9
A. Sterling. 105.21 107.9

European Holdings N.V.
Handelskade 24, Willemstad, Curaçao
London 24, 15 Christopher St., EC2. 12
Prices per share July 5 US\$20.14

F. & C. Mgmt. Ltd. Inv. Advisors
c/o Lawrence Penderby Hk, EC4R 0AE
Cent. Fds. July 4. US\$21.1

Fielding Mgmt. & Res. (Bda.) Ltd.
P.O. Box 670, Hamilton, Bermuda. 0534 73741
Fielding Fund. 107.4 107.9 1.27
Fielding Fund. 107.4 107.9 1.27
Fielding Fund. 107.4 107.9 1.27
Fielding Fund. 107.4 107.9 1.27
Fielding Fund. 107.4 107.9 1.27
Fielding Fund. 107.4 107.9 1.27

Fielding Mgmt. Research (Jersey) Ltd.
Weymouth House, St. Helier, Jersey. 0534 73741
Fielding Fund. 107.4 107.9 1.27
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Fielding Fund. 107.4 107.9 1.27

Fielding Whang Commodity Trusts
10-12 St. George's Lane, London. 0624 25015
F.V. Vlk. Co. Tr. 342 44 2.70

Fleming Japan Fund S.A.
37 rue Notre-Dame, Luxembourg
Fleming Japan. 107.4 107.9 1.27
NAV July 29. 105.21 107.9

F.T. Management Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
F.T. Fund. 107.4 107.9 1.27
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F.T. Fund. 107.4 107.9 1.27

Gartmore Invest. Ltd. Ldn. Agents
2 St. Mary Ave, London, EC3 2BB 3531
Gartmore Fund Managers (C.I.) Ltd. 101.0
Gift Fund (Jersey). 101.0 106.0 11.70
Gift Fund (Jersey). 101.0 106.0 11.70
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Gift Fund (Jersey). 101.0 106.0 11.70
Gift Fund (Jersey). 101.0 106.0 11.70
Gift Fund (Jersey). 101.0 106.0 11.70

Free World Fund Ltd.
Fleming Bldg, Hamilton, Bermuda. 0534 73741
NAV July 29. 105.21 107.9

G.T. Management Ltd.
P.O. Box 100, St. Helier, Jersey. 0534 73741
G.T. Fund. 107.4 107.9 1.27
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G.T. Fund. 107.4 107.9 1.27

Hambleton Investment Mgmt. Ltd.
2110, Connaught Court, Hong Kong
Far East July 4. 105.21 107.9

Hamfords Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
Hamfords Fund. 101.37 103.95 0.01
Hamfords Fund. 101.37 103.95 0.01
Hamfords Fund. 101.37 103.95 0.01
Hamfords Fund. 101.37 103.95 0.01
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Hamfords Fund. 101.37 103.95 0.01

Henderson Barling Fund Mgrs. Ltd.
60

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Oil self-sufficiency hopes face delays

BY KEVIN DONE, ENERGY CORRESPONDENT

HOPES that Britain will be self-sufficient in crude oil production early next year are fading because of delays in offshore construction programmes.

The latest forecasts contained in the Department of Energy's annual report on the development of UK oil and gas resources suggest that production next year will reach only 85-105m tonnes, compared with the last estimate made in December of 90-110m tonnes.

UK oil output this year should total 70-90m tonnes, the Department said, compared with production in 1978 of 54m tonnes. By comparison UK oil consumption is forecast at 96m tonnes for 1979. Net self-sufficiency is unlikely to be reached before the second half of 1980.

Unlike earlier reports the latest "Brown Book" contains no statements on future North Sea oil policy. Mr. David

Howell, the Energy Secretary, stresses in the introduction that the report was prepared under the previous administration.

He goes to some pains, however, to urge oil companies to step up offshore exploration activity.

The report makes clear that only 37 exploration wells were drilled last year compared with 67 in the previous year. At the same time expenditure on exploration fell in 1978 to £257m against £374m in 1977.

Mr. Howell says in the report: "It is the aim of the present Government, that the vitally important further exploration work should go forward with increased vigour, so as to secure timely and successful development in the years ahead when production from existing fields begins to decline."

The first major changes in North Sea policy should follow in the next few weeks when

Plea to monitor farm land buying

BY CHRISTOPHER PARKES

INSTITUTIONAL PURCHASES of agricultural land and investment in it from elsewhere in the EEC should be closely monitored, an official report recommended yesterday.

The report is by the Northfield Committee, set up 18 months ago by Mr. John Silkin when he was Agriculture Minister. It says that pension funds, insurance companies and buyers from overseas have been far less active in acquiring agricultural land than had previously been suggested.

It is not true that their interest has forced prices up to artificially high levels, the report maintains.

Against the popular belief in the industry that the so-called "new financial institutions" have been buying 15 to 20 per cent of land sold each year, the committee claims that the true figure is between 8 and 10 per cent.

Nevertheless, even though the institutions now own a mere 1.2 per cent of all agricultural land in Britain, close monitoring is called for by the committee.

It rejects the notion of restricting institutional purchases or interfering beyond strict monitoring in the activities of investors from other European Community countries, as long as their interest does not reach "unacceptable" levels.

Overseas buyers, the report says, probably own little more than 1 per cent of British land.

THE LEX COLUMN The music fades at EMI

EMI's proposed sale of a half share in its worldwide music business to Paramount Pictures is an act of brinkmanship performed with some panache. It brings home most forcibly the group's acute need for cash, which is obliging it to sell a chunk of its principal operating division, contributing around half group sales, at a time when the body scanner is proving a persistent drain on resources.

Index rose 7.0 to 475.7



On the other hand, EMI has got a fairly handsome price: Paramount is paying around £60m and contributing a small business of its own to the joint venture, valuing the music division of EMI at nearly 15 times the average earnings of the last three years—a fair premium considering that at present it is losing money at a rate that drags the whole group into the red. The deal also allows EMI to stay in music, whereas a more obvious asset sale—hotels, maybe, or the defence electronics side—would have meant losing an entire division. Selling the scanner, as EMI may still do unless it picks up soon, would not have brought in enough to have an effect on gearing.

In comparison with recent profits, EMI is a very substantial sum in 1977-78 EMI made £20m pre-tax and in the year just ended the figure may have been up to £10m less. But set against the group's outflow of cash, Paramount's contribution looks modest. Net borrowings rose £42m in 1977-78, a further £26m in 1978-79 and £20m on top of that in the first half of 1978-79 alone. By the end of June this year the balance sheet must have looked horrifying. Unless both the scanner and the music business turn round quite quickly there will have to be more sales.

Paramount will gain from the joint venture a channel through which to market the music from its films and television programmes, which up until now it has been unable to exploit. However, this may not make it the ideal partner for EMI, which needs a more general repertoire of U.S. popular music. It remains to be seen how much cash Paramount will be prepared to spend to secure the expensive services of recording stars.

Yesterday the stock market took the news of the deal as evidence that the energetic Lord Delfont is wielding a new broom at EMI after less than two months as chief executive, and the shares rose 11p to 116p, giving a market capitalisation of £129m. The assumption is that

For the first time ever the banking system is having to face up to a banking "corset" which is actually starting to bite. The clearing banks, in particular, are feeling uncomfortable because borrowers that cannot get funds from other financial institutions are falling back on the overdraft lines. In addition, the debiting of bank charges in the current month will add to the demand for credit.

Against this, the authorities have released obligations around £700m of special deposits this month and this should ease the pressure temporarily. After the last release of special deposits, those fell by 1 per cent in the following month. But before that the banks are going to have to cut back their lending as yet there is little sign that this is happening.

The next couple of months are going to be a testing period for the banks and the authorities. The authorities are going to be testing the banks' supply targets. Judging from the eligible liabilities, which look as if the money stock (sterling M3) grew by around 14 per cent last month, which means that over the last three months it has been growing at an annualised rate of about 48 per cent. As the authorities conveniently omitted the two months of the financial year from their 7.1 per cent target, there are no warning bells as yet. Even so, this rate of growth during a month when over £1bn of gilts were sold is far from reassuring, and yesterday's central government borrowing requirement demand, which continues to be worrisome, is a warning.

Pilkington
Making profit forecasts in the middle of pay negotiations is decidedly tricky, and Pilkington is not giving much away in its annual report. But it is clear that there are some buoyant areas, at least in the UK home market. Investments are now reckoned to account for 30 per cent of the total glass sales, while storeglass—insulation—is still growing fast. Capital spending will rise from last year's £87m to around £100m and the group seems confident that it will not have to finance this out of borrowings.

Given that last year net cash flow was roughly in balance with spending on fixed assets, working capital looks as though Pilkington is reasonably happy about the short-term trend. The group balance sheet remains impressively strong, with funded debt of only about a fifth of capital employed, and net cash of over £30m.

TWA drops some flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TRANS WORLD AIRLINES, one of the biggest airlines in the world, is cutting some flights between the U.S. and international destinations from the end of the summer because of fuel shortages and soaring prices.

From October 8, a twice-weekly service between Boston and the Azores will be ended, together with a three-times weekly service between Lisbon and Casablanca, and between Barcelona and Nice. From October 28, a daily flight between New York and Shannon and Dublin will also be dropped.

These services represent less than 1 per cent of TWA's total capacity.

While fuel difficulties have caused some foreign and U.S. domestic airlines to reduce the frequency of some flights, this

is the first time that they have prompted a big international airline to drop destinations.

Other major airlines are known to be reviewing their schedules. All face cuts in fuel supplies of about 5 per cent world-wide.

British Airways has "lots of problems in lots of places," but has so far managed to keep its services intact.

But in the autumn it expects its supplies to be cut further, and will have to reconsider its flight schedules for the winter.

The most difficult areas for airline fuel seem to be the U.S., India and the Far East, with many flights having to make additional technical stops en route to pick up fuel.

TWA said in New York that the recent price increases by the Organisation of Petroleum

Faulty maintenance blamed for air crash

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

FAULTY maintenance procedures causing both overload and metal fatigue in the pylon engine bulkhead assembly were a major reason for the crash of the American Airlines DC-10 airliner in Chicago on May 25, according to an official report by the Federal Aviation Administration (FAA) published yesterday.

At the same time, the FAA's examination of maintenance procedures used by some airlines, including American, also concluded that McDonnell Douglas, the manufacturers, "should re-evaluate the design of the entire pylon assembly to minimise design factors which are resulting in sensitive and/or critical maintenance and inspection procedures."

In its recommendation, the report said that the inspection procedures laid down by McDonnell Douglas, under which the engine and pylon are removed separately from the wing, should be rigidly adhered to and that the use of hydraulic fork-lift mechanisms employed by American and Continental Airlines be discontinued and replaced with a more flexible cable supported lifting device.

Meanwhile it was still far from clear here when the FAA would announce its intention to restore the DC-10's airworthiness certificate, permitting the resumption of service inside the U.S. The FAA is bound to go to a federal court here 24 hours before any such action takes effect and the court may step implementation of any FAA order.

TGWU acts swiftly against union reform

BY ALAN PIKE, LABOUR CORRESPONDENT

TRADE UNION opposition to the Government's proposal changes in labour law was swiftly confirmed at the Transport and General Workers Union conference in Scarborough yesterday.

Within 24 hours of publication of the Department of Employment's working paper on proposed reforms, delegates adopted a resolution urging the TUC to mobilise maximum resistance to the measures and pledging full support for the strongest possible defence of basic trade union rights.

Delegates supported an executive resolution attacking the proposed changes, after Mr. Harry Urwin, deputy general secretary, argued that the measures were designed "not to reform trade unions but to weaken union bargaining power."

He warned that if the Government reduced legal protection on unfair dismissals, it must expect more industrial action to protect people. And if it was going to "rely on the policeman and the shyster lawyer," it must expect the TUC to pull out of voluntary arrangements.

However, what was intended by union leaders to be an impressive demonstration of unanimity against the proposals ended in uproar as the vote on the resolution was taken.

Mr. Frank Adams, a North West delegate, complained that no one had been invited to

RCA ends talks on finance house link

By Stewart Fleming in New York

RCA, THE giant telecommunications group, and CIT Financial, the largest independent U.S. finance house, have ended the merger talks they began last week.

RCA had been expected to pay more than \$1bn for control of CIT.

Neither company gave any details of the reason for the breakdown. It had been suggested that the talks were moving slowly, and one possibility is that the companies could not agree on either the basic price or the package which RCA would offer CIT shareholders.

RCA had made clear for several months that it was seeking a major diversification into financial services, and its announcement of discussions with CIT, which controls an insurance company as well as consumer and business finance interests, fitted this strategy.

CIT had said it was not looking for a takeover but would not resist an offer which it thought fair to its shareholders.

One analyst with a leading stockbroker doubted whether RCA would now launch a hostile takeover for CIT, and said that for the time being the deal was dead.

Strike ballot off as Deep Duffryn pit is reprieved

BY ROBIN REEVES, WELSH CORRESPONDENT

SOUTH WALES miners called off their threatened ballot on strike action over the closure of the Deep Duffryn colliery in Mountain Ash, Mid-Glamorgan, yesterday following a National Coal Board decision to grant the pit a conditional reprieve.

The NCB's climbdown follows blunt warnings by the National Union of Mineworkers, at their conference in Jersey last week, that a decision to press ahead with the closure would trigger widespread industrial action, not only in South Wales but Yorkshire, Scotland and possibly other coalfields.

Miners' leaders made plain they regarded Deep Duffryn as a test case of the NUM's policy to resist pit closures except where it has been established that reserves are totally exhausted.

The reprieve was announced by Mr. Emyr Williams, the

Weather

U.K. TODAY
Dry, sunny periods.
London, S.E., Cent. S. England, E. Midlands, Channel Is.
Sunny intervals, dry, some cloud. Max 23C (73F).
Rest of England, Wales
Mainly dry, cloudy, bright

Intervals later. Max 19C (66F).
Isle of Man, N. Ireland, N.E. and W. Scotland
Rather cloudy, sunny periods. Max 16C (61F).
Rest of Scotland
Dry, sunny intervals, variable cloud. Max 17C (63F).
Outlook: unchanging.

WORLDWIDE TEMPERATURES			
Y-day	Y-day	Y-day	Y-day
°C	midday	°C	midday
Algeria	26	London	21
Algiers	36	Los Ang.	30
Amstd.	20	Luxemb.	18
Ankara	27	Moscow	22
Bahrein	39	Madrid	32
Barcelona	29	Majorca	30
Bombay	32	Manch.	15
Buenos	16	Mex. City	17
Belgrad	23	Melb.	11
Birmingham	16	Mex. C.	22
Bombay	32	Milan	26
Brussels	17	Moscow	22
Buenos	31	Munich	15
Calcutta	28	Nairobi	24
Cairo	33	Naples	26
Cardiff	16	Niagara	17
Case T. C.	16	Osaka	25
Chicago	27	Paris	21
Cinagua	18	Perth	18
Congo	16	Prague	12

Continued from Page 1

Rhodesia settlement hope

The Lords debate for the Government last night, said: "It is my duty to warn in the plainest possible terms that the risks attached to a premature recognition of the new Government in Salisbury would be very serious indeed."

But right-wing Tory MPs are already protesting bitterly about the delay in recognising the Mugabe Government.

In the Commons yesterday Sir Julian Amery, Mr. Stephen Hastings, and other backbenchers, pressed the Government to accept the verdict of the Rhodesian elections and grant recognition.

Arguments broke out on the Government benches as other Tory MPs stood up to support the Government's cautious line. Mr. Terence Higgins, a former Tory Treasury Minister, insisted that the present constitution

could not be the basis for a permanent settlement. "It contains a number of highly discriminatory elements," he said.

Jurek Martin writes from Washington: An element of confusion surrounded the visit of Bishop Muzorewa to Washington yesterday. It was still unclear yesterday afternoon whether he would go to Camp David today to meet President Jimmy Carter. U.S. Government officials have implied that this may happen, and the Bishop has cancelled a planned luncheon speech to the National Press Club to allow for such an eventuality, but neither the White House nor the sponsors of his tour here could say definitely that it had been arranged.

Similar uncertainty even involved discussions with Mr. Cyrus Vance, the Secretary of State, though all day the state department insisted that a

session had been set up for late yesterday afternoon.

Since the Bishop's visit is unofficial, the State Department declined to say what Mr. Vance would raise in the discussions. But it is considered here a strong probability that he will impress on Bishop Muzorewa the desirability of both expanding the democratic base of the current regime in Salisbury and of the need to enter into talks with leaders of the Patriotic Front.

Yesterday, the Bishop conferred with the AFL-CIO, the umbrella trades union organisation, lunching with the editorial board of the Washington Post and made two appearances on Capitol Hill, arranged by his principal political sponsor here, Senator Jesse Helms, the Conservative Republican from North Carolina.

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